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NATO Fixes Targets for Air Strikes **Against Serbs**

By Craig R. Whitney
New York Times Service

BRUSSELS-NATO on Monday approved procedures and targets for air strikes against Serbian forces, should they keep up their "strangulation" of Sarajevo, but the allies said they would not start hombing missions without specific approval by the secretary-general of the United Nations. Although the North Atlantic Treaty Organi-

zation already has in place airplanes and coor-dination procedures with UN peacekeeping forces in Bosnia-Herzegovina, officials said the bombers would not go into action unless the Serbs kept tightening the noose around Saraje-vo and other besieged areas, and then only after all 16 allies had met in Brussels again to ap-

Clinton administration officials who had urged the allies to act on their own initiative and had tried to minimize the extent of UN control over possible NATO military action.
insisted that Monday's agreement was a success. It reiterated but in some ways also qualified a threat the United States persuaded the allies to make Aug. 3.

"Now it is up to the Serbs whether the air strikes will occur," said Stephen Oaman, U.S. assistant secretary of state for European and Canadian affairs. "We are ready to act."

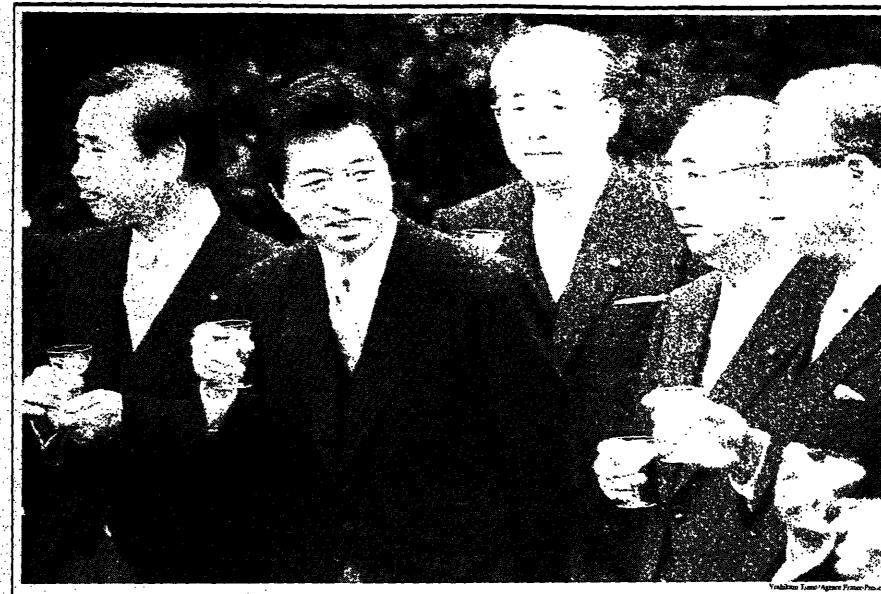
"It is essential that the Bosnian Serbs lift without delay the siege of Sarajevo," NATO's secretary-general. Manfred Womer, said after the meeting Monday. "If not, the Council will meet immediately to consider the use of air

The statement also said that Serbian-occupied heights around the Bosnian capital had to be out under UN control.

The principal and basic objectives of the United States have been reached to an extent some might have believed impossible original-ly," Mr. Wörner said. "Some compromises had

Other officials said the United States had recognized this and had pushed a decision through in only four hours by taking French, British, and Canadian objections to more forceproposal as a joint drait.:

Britain, France, Spain and other European allies — unlike the United States — have thou-sands of soldiers in the UN force in Bosnia and See NATO, Page 2



Prime Minister Moribiro Hosokawa sharing a toast with members of his new cabinet in Tokyo on Monday. From left are Tsutomo Hata, the foreign minister; Mr. Hosokawa; management and coordination, and Masayoshi Takemura, chief cabinet secretary.

New Japanese Cabinet, Same Economic Script

TOKYO - No opening of the rice market No caving in to American demands for trade targets. No cutting income taxes to breathe life into the stagnant economy.

While the names are new, the first com-ments from the cabinet ministers in charge of Japanese economic policy sound remarkably similar to those of the Liberal Democratic Party officials who have just been ousted from power after 38 years.

In fact, the men appointed Monday by Prime Minister Morihiro Hosokawa to direct the Finance Ministry and the Ministry of International Trade and Industry are both former Liberal Democrats who began their careers as bureaucrats in the ministries they

Mr, Hosokawa named Hirohisa Fujii, 61, to

Kiosk

head the Finance Ministry and Hiroshi Kumagai, 53, to lead the trade ministry.

"The faces have changed, but policy and policy-making is likely to follow established conservative patterns," said Jesper Koll, econ-omist at S.G. Warburg Securities.

The governing coalition has expressed a commitment to reform politics by making it more representative and free of corruption.

And Mr. Hosokawa's cabinet is the most diverse in Japan's postwar history, including representatives from seven parties. Three of the 20 appointees are women. (Page 6)

But in economic policy, the new government stressed continuity and stability in its choice of cabinet members for the main ministries. The appointments reflected a desire to avoid conflict with bureaucrats at economic

See JAPAN, Page 13

Kohl Doubts Timetable for Single EC Currency

He Says Delay of a Year Or Two Won't Hurt if Strict Criteria Are Kept

By Ferdinand Protzman New York Times Service

- Chancellor Helmut Kohl cast doubt Monday on the European Community's timetable for creating a single currency by 1999, saying strict adherence to the economic criteria laid down in the Maastricht Treaty on European Union might delay the process by a

It marked the first time the head of a Europe an Community nation has said publicly that the timetable for monetary union might not be kept. But Mr. Kohl stressed that Germany's commitment to the goal of European union remained unchanged. The chancellor made his remarks in an interview with Germany's SAT-1

television network.

Mr. Kohl also made his first public comment on last week's currency crisis, which resulted in seven of the nine currencies in the European Community's exchange-rate mechanism being effectively allowed to float in a broad range against the Deutsche mark. France, whose currency was the target of speculative selling that sparked the crisis, began to try its new freedom to cut interest rates on Monday. (Page 9)

The chancellor praised Germany's handling of the crisis and said the real problem underlying the turmoil in the foreign-exchange market was the failure of the EC nations to put their public finances in order.

To do that, he called for rigid adherence to the so-called convergence criteria laid down in the Maastricht treaty, which calls for creation of a single currency by 1999. The criteria require the 12 EC nations to harmonize their budget deficits, inflation rates, public-sector debt and other economic indicators at specific levels as precondition for monetary union.

"We must on no account ease the very strict conditions for national economies, for the budget and debt situation, but must maintain the strict measures and commitments of the Maastricht treaty." Mr. Kohl said.

Mr. Kohl said that if adhering to the criteria means that "the timetable now envisaged is delayed by one or two years - and I don't know this, nobody knows this - then I ask. what does that change in the basic course?"

Economists agreed that even before the crisis, it had become increasingly apparent that the timetable for monetary union would have to be extended.

"Delaying the timerable has been in the cards for some time now," said J. Paul Horne, international economist with Smith Barney Shearson in Paris. "If the timetable is changed, then the process gains credibility. But if you loosen the criteria, then things begin to get all fuzzy and monetary union is threatened."

According to Mr. Kohl, Germany's commitment to European union was shown by its actions in the currency crisis.

"We Germans have in recent days demon-strated our European convictions," he said. "The close and good cooperation between the Bundesbank and government has proved its worth, especially this time."

Many economic experts say the crisis was triggered by the Bundesbank, which has kept interest rates relatively high to counter inflationary pressures stemming from the government's massive borrowing to pay for unity with the formerly Communist East.

Interviewed while vacationing in Austria, Mr. Kohl disputed the claim that German officials had isolated the French government in the I Ith-hour deliberations in Brussels that resulted in new, wider trading hands for most of the European Monetary System currencies. France had suggested temporarily removing the Deutsche mark from the EMS as the solution to the

"We did not isolate the French. If the French made the proposal, let us not beat around the bush, that the mark should leave the system for a while, then that was a matter for the French. Mr. Kohl said, adding that the French suggestion had surprised him.

"do you think the others want this?" and telling the French that other countries would reject the idea. "And that is what happened," he said.

He said he immediately responded by asking, 1.4975 104.425 5.9268 An American military policeman at the airport in Mogadishu, Somalia, on Monday. Innovative Europe Finds It Can Compete With Asia

Serbian Troops Withdraw From a Key Mountain Top Compiled by Our Staff From Dispatches

Frail Symbol Of Bosnia War Flown to U.K.

LONDON - A critically wounded Bosnian Muslim girl who has become a symbol of the plight of Sarajevo arrived in Britam on Monday for medical treatment. The 5-year-old girl, Irma Hadzimurato-

vic, was evacuated by air from Sarajevo earlier in the day after an appeal by her doctor. She arrived at Heathrow Airport aboard an air ambulance and was taken to a children's hospital, where she will be treated for severe head, spinal and abdominal injuries suffered in a Serbian mortar attack on July 30 that killed her mother. She was airlifted aboard a British trans-

port first to an Italian relief base at Ancona. Her doctor in Sarajevo, Edo Jaganjac, had made a desperate appeal for an emergency evacuation as the only chance of saving her life.

The girl's lather and a 3-year-old sister were also on the flight to London. This child was not evacuated because

of humanitarian reasons but because of the pressure from the public and the press," Dr. Jaganjac said. He had tried in vain for days to persuade UN aid organizations to fly the girl abroad for tests and treatment unavailable in Sarajevo.

The case exposed the absence in the UN medical evacuation program of any emer-gency airlift procedure for persons who would die without treatment abroad.

Action was taken only after Dr. Jagan-jac brought Irma's plight to world attention during the weekend. "I fear that for the next child who has to be evacuated we will have to do this

again," he said.

SARAJEVO, Bosnia-Herzegovina - Serbian troops lowered their flag and withdrew Monday from a strategic mountain top near Sarajevo, bolstering prospects for peace talks in A United Nations spokesman, Lieutenant

Commander Barry Frewer, confirmed the with-drawal from Mount Bjelasnica, but he said tanks and artillery were still in place on nearby Monnt Igman. The Bosnian Serbs agreed Sunday to begin withdrawing from both Mount Bjelasnica and

Mount Igman — captured last week from Mus-lim forces — if UN peacekeepers could ensure that the strategic manifest many that the strategic positions would be kept neutral territory.

The political-leader of the Bosman Serbs.

Radovan Karadzic, said earlier Monday that Serbian troops were already making a phased withdrawal from the two heights, whose fate, he said, depended on whether the United Nations is capable to take the mountain under con-

"We will withdraw completely." Mr. Karadzic affirmed, adding that the Serbs would also stop shelling Sarajevo.

Linked to a pullout is a resumption of the Geneva talks, interrupted last week when the president of Bosnia-Herzegovina, Alija Izetbegovic, walked out of the negotiations, complaining about the Serbs' seizure of the moun-

The leaders of Bosnia's warring factions returned Monday to the Geneva venue of talks on an ethnic partition of their country.

But Mr. Izetbegovic said he would sit down

face to face with the Serbian and Croatian leaders only if international mediators first assured him that the Serbs were withdrawing from the key heights over Sarajevo. "There were no negotiations today because we established that Serbs did not withdraw

from the Mountains Igman and Bjelasnica," the Muslim leader said late Monday. "We will come again tomorrow at 10 o' clock and we will start negotiations if Serbs have withdrawn."

Commander Frewer, the UN spokesman, said in Sarajevo: "The Serb flag is down from Bjelasnica, and there is no sign of Serb troops in the immediate vicinity."

Asked to confirm that Serbian tanks and

See BOSNIA, Page 2

UN Chief Assails Somalia Killings UNITED NATIONS, New York (Reu-

ters) — Secretary-General Butros Butros Ghali deplored on Monday the killing of four American soldiers serving with a UN-led mission in Somalia when their vehicle was blown up by a mine that he said was probably detonated by remote control. Earlier article, Page 6

Business/Finance

Can British Airways make a success of its far-

Book Review

flung minority stakes? Page 9. A cleaned-up Thai stock market looks ready Page 13. to rebound.

Page 6.

Page 6. Chess Trib Index Down 0.08% 105.83 3,576.08 The Dollar

By Tom Redburn Middle East and Africa headquarters here.

International Revald Tribune

GENEVA - When Hewlett-Packard, the California-based computer industry giant, was studying locations for its new ink-jet printer factory, it had plenty of possibilities.

"H-P has substantial operations in the United States, Mexico, Brazil, five European countries, Singapore, Malaysia, and more," said Franco Mariotti, a senior vice president at Hewlett-Packard and chairman at its Europe,

'We're looking at China." "We're going up against guys who can make their products in Taiwan or anywhere else," he

Starting Over Restructuring businesses and economies. A continuing series of articles

added. "There's no way you can keep your position unless you're competitive."

this March, selected Barcelona. At a time when many Europeans are despair-

ing over what they see as an all-but-impossible task of maintaining their high standard of living against a flood of cheap-labor imports from Asia and elsewhere, the example of Hewlett-Packard shows that there is another side to the

In a wide variety of important manufacturing mann, a professor of manufacturing at the industries, a number of business executives and analysis argue that Europeans can compete

with the rest of the world. But to make it in the future, they say, Europe will have to make it "It's a myth that cheap labor costs are the key

Rising costs of welfare aggravate Europe's growing economic malaise. Page 2. to industrial success," said Thomas E. Voll-

See HEWLETT, Page 11

In a Caucasian Region Torn by War and Anarchy, U.S. Diplomat Is Latest Victim

By Margaret Shapiro

Washington Past Service

MOSCOW — Authorities in the Caucasian nation of Georgia were unsure Monday whether the slaying of an American diplomat who was on temporary duty there was a random act or reflected some political motivation. The diplomat, Fred Woodruff, was killed by unidenti-

fied gunmen who fired Sunday night at a car in which he was ricing near Tbilisi, the Georgian capital. Georgia is battling separatist rebellions that have turned much of the mountainous republic into an armed

Mr. Woodruff. 45, was returning from what authorities in Thilisi said was a sightseeing trip with the security chief for the Georgian leader. Eduard A. Shevardnadze, whenarmed men attempted to halt the car.

The driver sped on without stopping and the gummen fired, hitting Mr. Woodruff in the head. Mr. Shevardnadze's security chief, Eldar Guguladze, escaped unharmed, according to officials of the Georgian Interior Ministry.

The U.S. Embassy in Tbilisi issued a statement con-demning the shooting of Mr. Woodruff, who arrived in June for summer duty in the embassy's Political Affairs

Mr. Woodruff, who was married and had children, was scheduled to return to the United States on Aug. 20, according to a report from Tbilisi by The Associated

Since the collapse of the Soviet Union in December 1991, violence has spiraled out of control in most of the former republics. Well-armed gangs operate with impuni-

ty, warfare has devastated towns from the Black Sea to l'ajikistan, and general lawlessness prevails. Moscow has been the scene of dozens of contract

murders, including several involving foreigners and forign businesses. But no place seems so out of control as the historically violent and feuding Caucasus area, comprising Armenian, Azerbaijan and Georgia as well as smaller ethnic groups. Well-armed men, often in battle fatigues, wander the streets of the largest cities and stop journalists and others to demand cameras, tape recorders and valuables.

Train bandits regularly hold up passengers. Highway robbery by armed groups has become a fact of life and rehicles are often stolen at "checkpoints." Politically motivated murders also have become commonplace. In one section of the Caucasus under Russian

rule, gunmen on horseback recently murdered a military

quell violence in the region. On Sunday, the autocratic leader of Russia's breakaway

Chechnya republic, Dzhokar Dudayev, narrowły escaped being killed by grenades in his office. In Thilisi, lawlessness is so out of hand that residents no longer rely on the police and have begun to resort to mob

justice. Last week, several hundred people grabbed three shooting suspects from police custody and tore one apart and injured another so severely that he died in a hospital. "There are huge amounts of weapons on the street

now," said a Georgian movie maker. Eldar Shengelaya.
"When the dark closes in, people just stay indoors and you can hear shooting around the city."

Mr. Shevardnadze suid that the death of Mr. Woodruff showed that "there are malioso structures and criminal

governor sent by President Boris N. Yelisin specifically to elements that are very active." He repeated his previous

call for "extraordinary measures" to bring the once relatively prosperous country under control. Mr. Sheyardnadze, elected in 1992, has had to contend

with a bloody separatist uprising in the Abkhazia region on the Black Sea as well as insurrection against him. Secretary-General Butros Butros Ghali recommended Monday the immediate deployment of a United Nations military observer mission to Georgia to help monitor a July 27 cease-fire agreement between the Georgians and

the Abkhazian separatists. Reuters reported. If approved by the Security Council, it will be the first UN military observer team sent to any of the former

Soviet republics. In a written report to the Council, Mr. Burros Ghali proposed that the observer mission be commanded by a Danish brigadier general, John Hvidegaard.

By Roger Cohen

New York Times Service THE HAGUE - Hans vander Valk a former assistant professor at Delft University, is suffering from an ailment that has attained epidemic proportions in the Netherlands; stress. So he has stopped working and for the last three years has been collecting

\$1,630 a month in disability benefits. "The doctor said I was suffering from stress because I was so worried about obtaining research money and so obsessed with colleagues talking behind my back," Mr. vander Valk, 48, a physicist, said. He is vaguely

ontemplating some other line of work, but meanwhile is assured of his disability pay until age 65.

Rene Jansen, an official at the Ministry for Social Affairs, said 912,000 people, or about 18 percent of the work force of the Netherlands, receive disability pay. Confounding the stereotype of a nation of placid

A Continent Adrift

Second of a series

burghers, nearly a third of those recipients suffer from

What is starkly clear is that the ballooning costs of social welfare programs for the disabled, the infirm. the elderly and the unemployed in Europe are threat-ening the Continent's economic future. In Spain, there is now one person receiving a social security benefit for every one working.

As a result the welfare state, the crowning achievement of Social Democratic and Christian Democratic governments in postwar Europe and a model from which the Clinton administration wants to borrow, is under unprecedented strain. The system has become so costly - often adding as much as 50 percent to labor costs through payroll taxes — that it may be shutting Europe out of an increasingly competitive global economy.

Swissair proved the point with one of its units. As of July 1, the company moved part of its accounting department to Bombay from Zurich. About 50 jobs were lost in Switzerland; the same number were creat-

"There are highly trained people in Bombay, we're connected directly to them through our data network. and they work for a fraction of the cost of the Swiss," said Herbert Schmell, a Swissair spokesman. "We expect a saving of about \$5 million."

Such business decisions underscore a fundamental question. Have the rapid changes in the world economy rendered Europe's system unsustainable? Or is a European recession simply causing serious financial

problems that will pass when recovery comes? "Either, as I believe, Europe's comprehensive social security coverage will emerge intact from Europe's recession, or we are at the beginning of an economic and cultural revolution that will throw the whole system into doubt," said Frédéric Oudéa, who oversees government benefits at France's Budget Ministry. "If it is the latter, if Swissair is pointing the way, then the social consequences will be dire."

Europe's recession and soaring unemployment have an social insurance programs are financed through payroli taxes on workers and employers, so the fewer salaried workers there are, the less money flows into from social problems seem to be worsening those ills. social security budgets. But the more people out of a In effect, social security systems are deterring corpora-

job, the more unemployment benefits there are to pay, so resources are dwindling as demand soars.

The number of unemployed in the European Community, whose economies as a whole are expected to shrink five-tenths of 1 percent this year, has already risen to 18.1 million from 14.3 million in 1991 and is expected to reach at least 19 million next year. But other forces are also prompting questioning of

the structure of Europe's welfare states. The rapid aging of the population — Western Europeans, like Americans, are living longer — is squeezing pension plans. Because older people spend more on health, the aging is also contributing to sharply rising

medical costs in many European countries. In France, a recent study projected that the deficit in the government pension budget would soar from about \$3.5 billion today to about \$35 billion by 2010 if radical reforms are not enacted, because the ratio of active to retired people is shrinking fast. Overall, France's deficit on its annual \$280 billion comprehensive social security budget is likely to grow from \$7 billion today to \$17.5 billion by the end of next year unless new revenue is found.

"The tendencies are catastrophic," Mr. Oudéa said. Similar shortfalls are reported throughout Western

From Sweden, until recently the paradigm of the welfare state, to Italy, with its swelling budget deficit, laws are being passed to cut the range and cost of welfare programs.

The German government, which has had to cope with the exceptional costs of unifying East and West, recently proposed cutting benefits for the unemployed. While people of the former East Germany have had to forsake the cast-iron cradle-to-grave social safety net of the Communist system, they have been largely integrated into the social security systems of the West, at great cost to the Bonn government.

In France, the government has pushed through a range of measures to control costs, like lowering retirement payments, reducing reimbursement for medical expenses and shortening the period during which the unemployed can receive jobless benefits.

In the Netherlands, the rules governing disability benefits have been tightened as of Aug. 1, with the aim of saving more than \$2 billion.

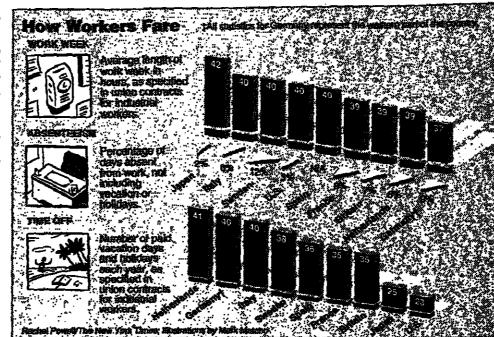
"Before, the top priority was protection for people," said Mr. Jansen, the Social Affairs Ministry official. "Now the priority is avoiding fraud, getting people back to work as fast as possible, and encouraging citizens to supplement national insurance with private insurance policies.

Of course, such measures set off fierce opposition. But even when the public approves of cuts in benefit programs, experts are questioning whether the basic concept of comprehensive, or at least far-reaching, social protection is still tenable.

A German manufacturing worker costs employers about \$26.89 an hour, of which benefits account for 46 percent. In contrast, the average hourly pay of an American worker, \$15.89, and benefits, about 28 percent of the wage, are much lower.

In 1992 alone, unit labor costs in the European Community grew 4.1 percent, compared with 2.4 percent in Japan and 1.4 percent in the United States. certainly placed new strains on benefits. Most Europe- according to the Organization for Economic Cooperation and Development.

In some cases, benefits designed to cushion society



tions from offering what many people view as the greatest single greatest source of security to an individ-

ual — a full-time job.

Indeed, in Spain, new full-time jobs have become a rarity because of the protection guaranteed workers. More than 35 percent of the Spanish labor force is working on temporary contracts of a maximum of

"It is very hard, in a modern economy of rapid change, to manage a company that you cannot ad-just," said Gonzalo Hinojoso, the chief executive of Corteliel, a big Madrid clothing and retail company. That is why we have to use a lot of temporary labor, even though it is far from ideal."

In 1986, Cortefiel shifted some production from Spain to Morocco, where labor costs are about 25 percent of Spanish levels, social security taxes are minimal, and hiring and firing is far more flexible. "In this way, we can compete against textile manufacturers in the Far East," Mr. Hinojoso said.

European labor leaders fear that this trend is permanent. "Industry now just consists of financiers taking a look at the world and seeing where they can make the most profit," said Christian Muller, a labor official at the Hoover vacuum cleaner factory near Dijon, France, "Well, it costs 55 francs an hour for a specialized worker in France, compared with about 5 francs in Poland and one franc in Russia. The calculation doesn't take long."

Mr. Muller predicted "civil war" should the move-

ment of jobs out of Europe and reductions in benefits continue. "We're going toward an American system," he said, "and it just won't work here."

He has reason to be bitter. His job and 617 others at the Hoover plant were eliminated earlier this year when the Maytag Corp., which owns Hoover, decided to transfer production to Scotland, where labor and social security costs are about 37 percent lower than in France. The factory in Dijon is to close early next year.

But at the same time. Maytag got concessions from its Scottish plant, at Cambuslang, by threatening to move production to France. Labor unions agreed to slash the bonus for working a night shift, eliminate some overtime payments, and increase the work week by 50 minutes. They also agreed that newly hired employees should have a two-year probationary period with no sick pay or pension contributions paid by the employer.

Such strong-arm tactics seem likely to spread. Faced by growing competition, corporations in Europe are desperate to cut costs.

Such companies have some backing from Britain's Conservative government, which wants to encourage the move to roll back the welfare state. "Labor markets are the crux of Europe's economic woes—overri-gid, overregulated and overpriced, Kenneth Clarke, the chancellor of the Exchequer, declared in July. "The first step must be for European Community governments to look at the whole range of extra costs

we force on business by excessive regulation."

Other governments are taking a different tack. France, for instance, wants to force developing countries to improve their social security programs and thereby raise their labor costs. The alternative, President François Mitterrand argues, should be trade

Though Western Europe's current model, for many reasons, no longer seems to be working, change appears certain to be slow. Europeans are deeply attached to their social protection: they like their free ambulance rides, their nine free ultrasound examinations per pregnancy, their five weeks of paid vacation and their generous pension plans. Even as unemployment rises and jobs migrate to other countries, Europeans will fight to keep these benefits, and politicians will hesitate to propose any change that looks like a dismantling of the welfare system.

NEXT: A flood tide of immigrants.

NATO:

Targets Approved

about the possibility that Serbs

could retaliate against them for any

The statement issued Monday

power in the theater shall be autho-

rized by him," the statement says.

According to diplomats in Brus-

sels, the military options discussed

Monday were limited in scope, and

all were aimed at ensuring a contin-

ued flow of humanitarian supplies

to Muslim and other refugees. They

are also aimed at encouraging a

settlement at the Geneva peace

talks, where a possible partitioning of the country is being discussed.

Any air strikes, diplomats said,

will be triggered only after close

coordination with the UN com-

mander in Bosnia, Lieutenant Gen-

eral Francis Briquemont, and the

overall commander of UN forces in

the former Yugoslavia, General

More than 50 U.S., British,

Dutch and French planes have been positioned in Italy and in the

Adriatic, ready to provide air sup-

July 22, but they have not yet been

will be below freezing, and a catas-

living there if the siege continues."

gets they were prepared to strike, but they said none of them was in

Belgrade or Serbia proper.

Officials did not disclose the tar-

The plan sent to the UN calls for

graduated air strikes of varying de-

grees of intensity that could be trig-gered by Serbian actions on the

ground in Bosnia. Bombing attacks

could be limited to individual tar-

gets like artillery pieces or mortars or could be carried out against a

large number of targets over a wide

Jean Cot.

asked to do so.

of humanitarian relief."

WORLD BRIEFS

German Hostel Fire Kills 2-Year-Old

CLOPPENBURG, Germany (Reuters) - A two-year-old Lebanese child was killed on Monday when fire swept through a hostel for asylum-seekers in the northern German town of Emstek, the police said. Four other Lebanese children, aged 11 months to eight years, managed to flee the blaze, which broke out while their parents were at a nearby

hospital where the mother was undergoing surgery.

The police said they had not yet determined whether the fire was accidental or the latest attack by neo-Nazi gangs that have been targeting. foreigners, the homeless and disabled in a wave of beatings and firebombings. Rightist extremists have killed at least 25 people since Germany was

Chad Bans Protests After Killings

NDJAMENA, Chad (Reuters) — Chad's military-led government banned tribal and religious demonstrations on Monday, a day after President Idriss Deby's palace guard mowed down armed protesters in the capital.

France, the former colonial power, which has strongly backed General Deby, expressed its concern over Sunday's carnage in Ndjamena. At least 41 people, including seven policemen, were killed, according to the official toll. An nationwide nightnime curriew was imposed Sunday.

The government has sent troops to Abeche, the capital of the eastern Ouaddai region. Sunday's street protest in a Ndjamena suburb began after settlers from Ouaddai said prayers for at least 82 tribesmen, all civilians, killed near Abéché on Wednesday. The protest named violent and witnesses said it was ruthlessly put down by members of the palace guard, who are mainly from the president's Zaghawa tribe.

Ramos Cites Beijing Vow on Spratlys

MANILA (AP) — Qiao Shi, the top official in China's parliament, assured President Fidel V. Ramos on Monday that Beijing wants a peaceful settlement of conflicting claims over the Spratty Islands.

Mr. Qiao was visiting the Philippines on the final stop of a tour of countries belonging to the Association of South East Asian Nations.

After talks between the two men that included the issue of sovereignty over the islands, Mr. Ramos said that the Chinese official had reaffirmed

Beijing's policy of "peaceful resolution of the conflict."

The Philippines, China, Vietnam, Malaysia, Taiwan and Brunei claim all or some of the islands, which are believed to be rich in mineral

10 in Nigerian Opposition Arrested

LAGOS (Renters) — Security agents raided a democracy-campaign headquarters and arrested 10 people on Monday, apparently hoping to head off protests from Nigerians expecting a thinly veiled extension of military rule.

The sweep looked like the start of a ctackdown on activists before President Ibrahim Bahangida announces his next move in a crisis that has gripped Nigeria's most populous nation since he annulled the election of a successor in June. The target of the raid was the home of the opposition leader, Beko Ransome-Kuti, which serves as the office of Campaign for

Analysts believe General Babangida is considering meeting his Aug. 27 deadline to end 10 years of military rule by trading his uniform for a suit and putting himself at the head of a nominally civilian government. Thousands of people have left Lagos and other cities, fearing the crisis may lead to riots or war.

Japanese Life Expectancy Still Highest

TOKYO (AFP) — Life expectancy in Japan remains the highest in the world despite a recent slight decline for men, according to a study made public Monday by the Ministry of Health.

Japanese men can expect to live 76.09 years, down from 76.11 years in 1991, while women in Japan are likely to have a life span of 82.22, against

Life expectancy for Japanese men has been the highest in the world for seven years while women have topped the list for eight years, Icelandic men came in second place for longevity at an average 75.71 years, while French women have the second longest life expectancy, 80.94 years.

Sinn Fein Seeks Arms for Politicians

BELFAST (Reuters) — The Irish Republican Army's revolutionary wing on Monday demanded police permission for its politicians to carry weapons after the son of a Sian Econocillor was shot and killed by Protestant extremists. Such demands have been rejected in the past because of Sinn Fein's links with the IRA.

The Ulster Freedom Fighters, an outlawed group fighting to keep
Northern Ireland British, admitted responsibility for killing Sean Lavery.

21, on Sunday. Gummen raked his home with 30 shots.

stressed that NATO's threat was His father, Bobby Lavery, a Sinn Fein councillor, was warned by police meant to be "limited to the support 10 days ago he could be a target but they rejected his plea to be allowed to carry a weapon, Republican sources said. It was the 10th attack this year by Protestant extremists on members of Sinn Fein, the political wing of The alliance also agrees with the by Protestant extremis UN secretary-general, Butros Buthe Irish Republican tros Ghali, "that the first use of air Northern Ireland. the Irish Republican Army, which is battling to oust Britain from

Correction

An article in Saturday's editions about Hong Kong property prices failed to point out that the costs cited in one example - \$5,000 to \$8,000 a month for one room in a small shared apartment - were actually in Hong Kong dollars. The U.S. dollar is worth 7.75 Hong Kong dollars.

TRAVEL UPDATE

No 'Disaster,' London Palace Insists

LONDON (Reuter) — Buckingham Palace denied Monday that its opening to visitors had flopped, but tabloids spoke of a snub to Queen Hizabeth II and accused courtiers of getting their figures wrong about the expected turnout.

A spokeswoman said there was no sense of disappointment among ganizers that only 9,500 visitors had toured the building over the weekend after it was opened to the public Saturday. "No one ever really knew how many people would turn up," she said, adding that the daily allocation of 7,000 tickets had been only a maximum capacity figure, not

port to UN commanders ever since Queen snubbed; Palace grand tour ends up as a disaster," Today said "Queen snubbed; Paiace grand tour ends up as a disaster, I duay said in a front-page story on what it called a "monster flop" for the monarchy. "Now that the palace is playing to half-empty houses will arch-monarchists continue to insist that the royal family will attract millions of tourists? It seems that they can't even attract thousands," Today said. Britons driving in France have been urged by their automobile associations in the page of the "What we are trying to do is stop the fighting," one official said. "On Nov. I the temperature in Sarajevo tion not to resist highway robbers, to carry a minimum of cash and trophe will ensue for the people valuables and to give it up without argument at the sight of a weapon. A recent innovation of highway pirates is to ram a tourist's car from the rear

and rob the occupants at gunpoint when they pull over. (AFP)

Fires in Spain swept macontrolled through the Huctor-Santillan Natural Park in the south on Monday while fire fighters managed to put out several blazes along the Mediterranean coast. About 1,300 hectares (3,200 acres) of pine and oak forests in the park and surrounding areas - 20 kilometers (12 miles) east of Granada - had burned by early Monday. according to the regional fire-control office.

Trucks and Turkish vacationers heading west have caused a 20 kilometer (12.5 mile) traffic jam on the Bulgarian-Romanian border, alreading overloaded due to an embargo on the former Yugoslav federation, the police said Monday. (Reuers)
Vietnam has doubled the size of the airport terminal in Danang, the

Vietnam News Agency said. The renovation follows similar upgradings in Saigon and Hanoi.

MCI

Another U.S. Issue: Deadlock in Angola

. By Thomas W. Lippman Washington Post Service
WASHINGTON — Far from

the spotlight of Bosnia-Herzegovi-na. the Clinton administration is groping for ways to end another intractable conflict in which U.S. interests are not readily apparent: the civil war in Angola. Hundreds of Angolans are being

killed each day and the war has fallen into a military and diplomatic stalemate.

Neither the Luanda government nor the rebel forces of Jonas Savimbi's National Union for the Total Independence of Angola, known by its Portuguese acronym UN-ITA, is capable of outright military victory, according to analysts. But neither is sufficiently desperate to

Mr. Savimbi's forces are said to control about 80 percent of the country, leaving the government with an L-shaped swath along the

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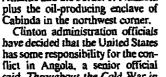
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the dos Santos government. "We are not willing to just take a

moil throughout central Africa.
"If we can find a useful way to get people to stop the killing, that

the official said. The immediate objective is to nudge Savimbi back to the negoti-

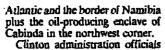
to have caused some friction be-

from the beleaguered dos Santos government for limited military aid, senior officials said.

■ 150 Said to Die in Battle

besieged Angolan government stronghold of Cuito and the state radio said 150 people died during the day. Reuters reported from \$20 "The city is under intense fire,"

the broadcast said. "There are many corpses in the streets." It said residents were trapped in homes without food and that many dead



said. Throughout the Cold War in the 1980s, Washington backed Mr. Savimbi against the pro-Moscow government of José Eduardo dos Santos. But now it has recognized

walk," the official said, partly be-cause of the U.S. role in the conflict and partly because of fears that the Angola crisis could engulf neighboring Zaire and create more tur-

would be the least we can do -and maybe also the most we can do,"

iting table, but that is not an easy task," the official said, especially because UNITA is winning most of the battles. But no specific U.S. proposals have been offered, a fact that seems

tween the State Department, which is committed to caution, and the Defense Department, where some officials seek a more aggressive ap-Washington has rebuffed feelers

Fighting raged Monday in the

probably remained uncounted.



ROYAL PROCESSION - King Albert II and Queen Paola walking to a reviewing stand in Brussels on Monday after he was sworn in to succeed his brother, King Bandonin, who died July

BOSNIA: Serbs Begin Pullout From Sarajevo Peak

31 of heart failure. Albert, 59, called for unity to make Belgium "a model of justice and peace."

artillery remained on Mount Igman, he said: "They

have not moved from Igman."

John Mills, another UN spokesman, said. "If there are Serb troops on Mount Igman, it's clearly in contra-vention of assurances the UN has been given, and they

should withdraw." Leaders of the warring factions had to enter the UN's headquarters in Geneva by a side entrance because riot policemen had sealed off the main gates with barbed wire to bar hundreds of Bosnian Muslims staging a loud protest against what they feared was a

carve-up of their country. Several-dozen of them have begun a hunger strike which they say to continue until the ethnic division plan is dropped and the European Community envoy. Lord Owen, who they say backs the Serbs, has been

The Geneva peace talks are to focus on maps for Muslim, Serbian and Croatian republics that are to form a new Bosnian "union." which the three leaders

agreed on 10 days ago. Although Sarajevo remained relatively quiet Mon-

day, there was no significant reduction in lighting on other war fronts.

The Croatian radio reported a new Serbian artillery attack on the Maslenica pontoon bridge near the Adriatic on the only highway link between northern and southern Croatia.

The bridge is a flashpoint that could provoke renewed warfare between Serbs in the Krajina enclave in Croatia and Croatian troops. The Croatian command said at least 23 shells were fired at the Maslenica bridge as workers started to

repair earlier shellfire damage. Meanwhile, a top World Health Organization official warned Monday that scores of mental patients might soon be turned loose in the streets of Sarajevo because the psychiatric hospital there has no electric-

A special representative of WHO, Sir Donald Acheson, citing the medical oath to treat the ill, urged authorities to find some way to avoid shutting the Kosevo Hospital psychiatric wing.

(Remers, AFP) area simultaneously.

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'STATESIDE / LESSONS LEARNED

The Quiet Man Who Qot the Budget Through

WASHINGTON — Senator Bob Kerrey of Nebraska cast the vote that tipped the balance for President Bill Clinton's budget bill, but Senator George J. Mitchell of Maine worked for weeks so there

would be a balance to be topped.

Mr. Mitchell, the majority leader, irritated other Democrats in Congress, especially Representative Dan Rostentowski of Illinois, as he kept pushing for ways to tinker with the bill. He would bring

along one senator by proposing an increase in something, while keeping another in the fold by urging that a cut be made.

It was exhausting. It got none of the attention received by Mr. Kerrey or by other lawmakers whose votes made news. Mr. Mitchell was not even much noticed when he closed the final debate, alternately attacking Republican arguments as "false" and patriotically defending the bill as essential to Mr. Clinton and the nation.

The very characteristics that deny Senator Mitchell attention—the control of his temper, the willingness to yield center stage and the sometimes tedious command and explication of detail — were essential to success.

He insisted that he had applied just two standards in his maneuverings: whether a change would "help us pass the bill" and whether it was "good public policy." But in the process he had to cajole and plead and, above all, exercise what he told the House speaker, Thomas S. Foley of Washington, was "the best developed patience muscle in Washington."

Reno and Bar Group Trade Encomiums

NEW YORK — Bathed continually in television lights, praised from every podium by lawyer after lawyer, Attorney General Janet Reno spent the weekend enrapturing the American Bar Association. With a triumphal appearance by Justice-to-be Ruth Bader Gins-burg and quite possibly the bar group's first woman president on the horizon, the association's convention has been an affair to remember

But it was Ms. Reno, the first woman to head the Justice Department, who was the undertiable star of the proceedings. Over two days of receptions, speeches, and encounters in the corridor, she wielded the same combination of bluntness and folkamess, openness and humility that has charmed the nation. But before her fellow lawyers, she added some new and ingratiating ingredients.

She thanked them for teaching her, invited them to stop by the Justice Department and praised them repeatedly for doing what she called "wonderful things for their nation, their state, their communi-ties." Never, she said, had she been so proud to be a member of the

Whatever criticism she sent their way was gentle — less faulting them for what they had failed to do than urging them to aim even higher and do even better, particularly on behalf of the nation's

"I love lawyers," she declared with gusto. Once the applause had subsided, she added, "And nothing can make me madder than lawyers: lawyers who are indifferent, lawyers who don't care about

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others, lawyers who are too preoccupied with themselves." The lawyers' responses to Ms. Reno contained no such caveats. They gave her still more of what she called "the approval and ess" that had been lavished on her in the last four months. Perhaps for the first time since the days of Robert F. Kennedy,

children asked an attorney general for an antograph. Admiring lunchtime listeners fought with waitresses for scarce floor space to give her standing ovations. From lectum after lectern, people said Ms. Reno needed no introduction, then introduced her effusively. One speaker, Cory Amron of the association's commission on women in the profession, called the attorney general "unflappable in situations where others would be shaken, accountable where others

Already, Ms. Amron said, Ms. Reno had kept her pledge to make the nation's women proud.

pass the buck, visible and accessible where her predecessors were

Congressional Freebles May Be Short-Lived

- WASHINGTON - Representative Jill L. Long. Democrat of Indiana, wants to do away with free lessons in the martial arts - not to mention numerous other gifts received by members of Congress. Some form of gift ban — whether her total ban or a partial one sought by others — is expected to pass Congress in the coming

Among other things, it would affect lessons worth \$75 a month that are given free to senators and House members by Jhoon Rhee, a tae-kwon-do master who moved to the United States from Korea. In a recent performance, Thomas S. Foley, the Democratic speaker of the House, and Representative Robert A. Borski, Democrat of Pennsylvania, demonstrated their new skills by breaking boards in half with their bare hands.

Currently, lawmakers can accept gifts valued up to \$250 from any one person in a year, but gifts of less than \$100 are not counted against that limit and do not have to be disclosed. Representative Long says she wants to remove the public perception that legislative favors are being exchanged for gifts — though she believes that they

Quote/Unquote

Representative Vic Fazio of California, who heads the Democratic Congressional Campaign Committee, speaking about the president's plan for national health-care reform: "For the Democratic Party, it's an opportunity to define ourselves positively, to show why we came - not just to clean up after the last decade but to provide

Away From Politics

 Ruth Bader Ginsburg, to be sworn in Tuesday as the second woman on the Supreme Court, says the presence of two women on the nine-member court will make the male justices see life differently. Judge Ginsburg, 60, who joins Justice Sandra Day O'Connor, told report-ers: "I do think being the second woman on the Supreme Court is wonderful. It's a sign that being a woman in a place of importance is no longer extraordinary and it will become more and more natural." · For the first time in its 150-year history, The Citadel, the military school in Charleston, South Carolina, has chosen a black student as it's highest ranking cadet.

a A man who New York police say firebombed a fire engine in Washington Heights, injuring three fire fighters during a night of unrest in the Manhattan neighborhood, has been arrested in the Dominican Republic and returned to the city. The police said Jesus Corporan, 20, was identified by witnesses.

e A former air force sergeant who was discharged after announcing his homosexuality has been accused of molesting a college student. Anirban Bhattacharya, 23, a student at Arizona State University at Tempe, filed a complaint accusing Thomas Paniccia of molesting him in a restroom. Mr. Paniccia, 29, called the charge "incredible." An Atlas-E rocket carried a new weather satellite into orbit from Vandenberg Air Force Base in California. The spacecraft, which replaces a deteriorating National Oceanic and Atmospheric Admin-istration satellite, reached a 540-mile-high polar orbit.

• The historic, Civil War-era buildings battered by the tornado that struck Petersburg, Virginia, remain structurally sound and can be renovated, city officials said.

Reseas. AP. NYT, WP Restors, AP, NYT, WP

HOTEL MANAGEMENT ST. LOUIS Missouri — Water levels dropped dramatically in some areas along the Missiasippi River but continued pressure on levees kept residents on edge. "It's not over," said Jean Rissover, a spokeswoman for volun-teers in Samte Genevieve, about 50 part time/full time miles (80 kilometers) south of St. Louis. "We still have many, many days and perhaps weeks where we have to be concerned about the Housing arrangements

After Budget War, a Conciliatory Push for Health Plan

By Robin Toner New York Times Service

WASHINGTON - The battle of the budget now behind them, President Bill Clinton and his advisers are turning to overhauling the health care system, hoping to complete their plan within six weeks and begin an intensive public campaign for secure and universal health insurance.

White House aides and Democratic strategists in Congress say they have learned valuable lessons from the exhausting struggle over the president's economic plan. Still wincing from the Republicans' success at casting the plan as just more taxing and spending, these Democrats say the drive for health care legislation must be more bipartisan. And from the start, they argue, it must be sold to the public far more

The sales campaign is already under way. In the next few days, lawmakers will be presented with a briefing book that, according to a draft copy, begins to make the case for "The Clinton Health Security Plan: Health Care That's Always There."

The draft, which describes the Clinton effort in days, Hillary Rodham Clinton, who is heading the general terms, says its basic goal is "making sure that administration's task force on health care, woold the Americans will never again lose their health American Hospital Association in Orlando, Florida. coverage."

The broad outlines of Mr. Clinton's plan have been widely discussed in recent months: It will center on community insurance-purchasing cooperatives. known as health alliances, that will pool the bargaining power of small businesses and individuals to. presumably, get the highest quality, lowest cost health

It is expected to establish a package of guaranteed benefits for all Americans and to require employers to help pay for part of those benefits.

Still, Mr. Clinton has yet to approve the full plan, and some of the most politically sensitive decisions are

yel to be made. Senate Republicans, in the meantime, are trying to reach a consensus of their own on a health care

overhaul, and they plan to produce their own legisla-The public campaign will intensify in the coming

on Monday, and the president will deliver a major seech on health care to the National Governors'

Association on Aug. 16. Ira C. Magaziner, the White House domestic policy adviser, who has led the effort on health, argued in an interview over the weekend that the administration had taken pains to lay the congressional groundwork for the plan.

"I think we've had a couple of hundred meetings now up on the Hill, with both the House and the Senate, and on both sides of the aisle," he said. "It's been a consultative process. They didn't have that luxury with the economic plan."

Still, with the health package now scheduled for public presentation in mid-September. Mr. Maga-ziner's optimism is not universally shared.

Philosophical differences run deep on how to structure the health care system, both within the Democratic Party and between Democrats and Republicans.

the bitter, exceedingly close fight over the economic plan has made a hard job even harder. It heightened the aversion to new taxes, gave partisan divisions a razor edge and sent a message to interest groups about

the willingness of this administration and this Congress to deal, some of the advocates say. "We can't afford to have health care reform be characterized as just another tax bill," said John Rother, legislative director for the American Association of Retired Persons, "and we certainly can't afford to have it mired in more partisan posturing."

Mr. Rother, who is also chairman of a coalition of groups seeking an overhaul of the health care system.

"What started out, really, in the State of the Union speech as a high moral call for shared sacrifice in the end degenerated into horse trading and typical special interest tactics. We can't do health reform that way. We have to see a greater leadership and a greater public will to stand against all the exceptions and siveness of the health reform effort."

A New Clinton Plea For Bipartisanship

By Paul F. Horvitz

WASHINGTON - President Bill Clinton issued a fresh plea for political cooperation on Monday, hoping to entice or shame Republicans into providing votes for his landmark program to reform the nation's health care system.

In a speech to cheering crowds gathered on the capitol steps in Charleston, West Virginia, Mr. Clinton declared that the nation's problems cannot be solved unless base partisanship ends.

We need to put an end to the partisan rancor and put the American people first again," the president said.

"We cannot have every great is-sue of the day decided on the basis of partisanship, scheduled around the next trip to New Hampshire for a primary still four years away," he added. "We have got to do some of these things together."

The message was aimed squarely at Republicans, whose strict party discipline yielded no votes in the House or Senate last week as Mr. Clinton's five-year budget package won passage by the narrowest possible margins.

It was not an appeal to virtue for its own sake but a political necessi-Senate rules on ending debate did not permit a filibuster on the budget bill, but the rules will allow endless debate on health care unless a handful of Republicans join the Senate's majority Democrats.

Republican Party has its problems as well. It is viewed by a majority of Americans as 100 obstructionist, and its Senate leader, Bob Dole of and \$241 billion in tax increases Kansas, is widely seen as a stern practioner of political infighting. The Charleston speech was the

first in a series of appearances Mr. Clinton plans this month intended to dispel what he called the "withering fog of misinformation" sur-rounding his budget plan.

Most Americans think it taxes the middle class far more than its provisions would suggest. With the budget victory last week, he said, change has truly ar-

rived because "we began to put our economic house in order. The package of spending cuts and tax increases would save \$496

billion over five years, according to calculations by the administration.

"After 12 years of partisan grid-lock, of talking tough and acting soft, we reversed the direction," Mr. Clipton said.

The president made a strong pitch for his health care plan, which will be released in mid-September.

As he has in the past, Mr. Clinton said its passage is the key to further deficit reduction, because health care costs are a major factor in the growth of mandated federal spend-

"Unless we reform the health care system of this country," he said, "we can never take the deficit down to zero. We have got to do something to provide health security to all Americans in a way that is good for the private sector, good for employers and controls costs without sacrificing quality."

Mr. Clinton's speech contained numerous similar calls for national unity and seemed designed to put his image of weakness and indecisiveness behind him.

2 Bulls Rampage in Madrid

MADRID — Two fighting bulls escaped from their pen and gored five people while rampaging through a crowded street market in a Madrid suburb Monday, the po-

Hillary Rodham Clinton and her daughter, Chelsea, greeting well-wishers after a huncheon in the Georgetown section of Washington.

What Was All the Deficit-Reduction Fuss About?

By Paul Farhi Washington Past Service

"The biggest problems we have

are those that are inside our minds," he said. The limitation on

our vision, our will, and our heart

and our willingness to put aside the old divisions and to work to build a

He added: "There is nothing be-

fore us that cannot be cured if we

have the willingness to open our

ears, lower our voices, roll up our

sleeves and make our words speak

Mr. Clinton chose to go to West

Virginia in part because one of its

senators, Jay Rockefeller, has been

the leading voice for health care reform in the Democratic Party.

Meantime, George Mitchell of

Maine the Senate Democratic

leader, said Monday that the ulti-

mate answer to the deficit is con-

"We can't control the deficit

over time, and therefore we can't

have sustained long-term economic

growth and job creation, unless we reform health care and control

costs there," he said. "That's the

biggest step that remains to be tak-

trolling rising health care costs.

better America,"

through our deeds."

WASHINGTON - The numbers sound impressive: After six Although opinion polls have months of furious effort, Congress been unkind to Mr. Clinton, the and President Bill Clinton have agreed to attack the government's chronic debt with a plan that envisions \$255 billion in spending cuts over the next five years.

And yet, the "deficit reduction" package passed by Congress: · Does not knock a dollar off the

spending "cuts" affect only the future growth of programs. billion, a level considered unthink-

able only a dozen years ago. Will increase the accumulated national debt from an unimaginable \$3.2 trillion now to a surreal \$4.7 trillion by 1998, according to

projections by the nonpartisan Congressional Budget Office. • Keeps the government indefinitely addicted to spending more than it takes in pushing the bill onto funne generations like an unwanted gift.

"The deficit may never come to a

growth into the future. Ours could be a general long-term debility." "The damage done is very dif-fuse," said Robert D. Reischauer,

director of the Congressional Bud-get Office. "It's hard to convince the American people of the cumulative damage done by a tenth of a percentage point in lost growth."

NEWS ANALYSIS

To economists, the prospect of this debt will weigh on the U.S. economy like stones added one after another to the back of a pack · Projects annual deficits mule. The mule, in this case, is through 1998 of more than \$200 strong enough to carry the accumulating load without collapsing, but not without weakening. The addi-tional burden has insidious, almost invisible effects that will become known little by little.

The accumulated deficits sap the government's energy by demanding more and more money in interest payments on the amount owed. In 1980 the government spent

For perspective, consider that in 1980, President Jimmy Carter was pilloried by the Republican nominee, Ronald Reagan, for a recordsetting deficit — of \$73.8 billion.

crisis," said Herbert Stein, chair-budget package passed last week is man of President Richard Nixon's that it anticipates making things no last fall in a national poll, for example, named the deficit as the issue

"All it may do is fritter away our mates, the government will spend \$276 billion for interest on the debt, also 18 cents of every dollar that Washington expects to collect. An outlay of that size would equal this year's entire military budget.

The government's need to borrow \$200 billion or more each year affects everyone, soaking up money from lenders that might otherwise be lent to businesses and people for new factories and equipment, home mortgages and car loans. The gov-

ernment's insatiable demand for funds drives up interest rates. And society pays an incalcula price later on because the reduced ability to borrow and invest today leads to fewer factories, less equipment and less-educated workers in the future.

While the view that the deficit is a problem is widely shared, how to solve it is the source of never-ending debate and partisan politics, as exemplified by the thin margins of victory for the Clinton budget package last week. And despite the overheated political rhetoric, it's doubtful most people understand the links between the deficit and the economy, indeed, economists themselves are constantly debating the nature of this relationship.

Opinion polls seem to indicate that the deficit remains something of an enigma, a massive abstraction that voters don't feel personally.

they wanted the candidates to talk this is a crisis about the American more about.

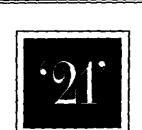
cials endeavor to make deficit reduction their top priority, in part because the benefits of reducing the deficit take years to become

Mr. Reischauer compares the farmer with the leaky barn. As long as the barn's roof doesn't coltangible, and because cutting popular programs now causes pain.

is not a crisis about the deficit - thing.

inability to solve any major prob-This means that few elected offi- lem that involves any pain."

lapse, the farmer learns to live with the leak, And when it's sunny out, In the end, Mr. Stein said, "this he feels it's unnecessary to do any-



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The town weathered a crest of 49.67 feet Friday — well over the 1973 record of 43.3 feet.

possibility of a levee break."

Floodwaters Ease

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مكذا من الأصل

Up and Up Goes the Yen

rency system has set exchange rates swinging against each other again, the impact on the United States is not likely to be great. For Americans the more significant development is the steady rise of the yen, now at a record high against the dollar.
The United States is relying on an increase

in exports to help speed up its slow rate of economic growth. Unfortunately, most of its major foreign markets are in countries whose troubles are much deeper. In the European Community, the relaxation of the currency rules gives France and six smaller countries the latitude to lower their interest rates. That would accelerate their recovery from the recession into which they have fallen. But Germany is the dominant economic force in Europe, and it apparently intends to hold to its present painful course. On balance there may be some advantage to American exports but only a modest advantage.

The political effects, meanwhile, may turn

out to be much more important not only to

Europeans but to Americans.
The European Monetary System, which was supposed to be leading to a single currency for all 12 of the Community's countries, was a great symbol of an emerging Europe that would be strong, decisive and a power in the world. This defeat for the sys-

over the horrifying war in ex-Yugoslavia. These two disparate experiences, the incoherent diplomacy in Yugoslavia and the de-feat for the monetary plan, have severely shaken Europeans' confidence in their own ability to work together on the great and central issues of state, la this climate, the rest of the world cannot count on leadership from the Europeans on anything that re-

quires much unity among their governments. While the rise of the yen has been gradual, in the past six months it has been enormous. Last winter it traded at 125 to the dollar. Currently it is hovering at around 104. It may be a signal that the Japanese trade surplus, huge and growing fast, has finally become unmanageable.

A country in surplus like Japan can continue to sell abroad only as long as it lends its customers the money to keep buying. Japan's ability to do that has been crimped by its domestic recession. If Japanese exports of capital are limited, the yen will rise to whatever level necessary to balance the surplus with the available financing. The statesmen and trade negotiators having failed to bring the surplus under control, perhaps the blind and unsentimental forces of the currency markets are taking over.

- THE WASHINGTON POST.

U.S. Troops for a UN Army

Bill Clinton once urged creation of an American "rapid deployment force" of peacekeepers that would be on instant call to the United Nations. He has settled for something less. He will not commit a U.S. contingent to a UN standing army or earmark units for UN duty in advance. Instead, some troops will train to be part-time peacekeepers and could serve under UN command on 'a case-by-case basis." And Washington will beef up the United Nations' scrawny peacekeeping headquarters with staff, equipment

and a training center. That is a step in the right direction, but Mr. Clinton could go further. It may be politically ill-advised to ask Congress to precommit forces. But he could prudently order the Pentagon to designate one or two U.S.based brigades to be used exclusively for peacekeeping contingencies and have them participate in joint exercises with peacekeepers from other nations.

Article 43 of the UN Charter calls on members to commit forces "as soon as possible" to the Security Council for a standby army under "special agreements." President Harry Truman promised the first UN General Assembly in 1946: "We shall press for the preparation of agreements in order that the Security Council may have at its disposal peace forces adequate to prevent acts of sion." Cold War rivalry weakened this resolve, and Article 43 was relegated to international limbo until last year when Secretary-General Butros Butros Ghali revived the idea of a UN standby army.

A standby army would reassure Americans who bridle at unending military commitments overseas. No longer the world's policeman, America would contribute its share, no more, to a world police force. It is less likely to become bogged down overseas if other nations' troops are trained to take their turn. Somalia is a case in point.

Under the Clinton directive, U.S. troops serving under UN command will retain separate reporting channels to Washington and refuse to obey UN orders that they judge to be against the law, beyond the UN mandate or "militarily imprudent and unsound." The United States will also reserve its sovereign right to "terminate" its participation in a peacekeeping operation.

But the key to effective peacekeeping is having well-equipped and well-funded forces, trained to work together and ready for instant deployment. That is where the Clinton commitment falls short. Meanwhile, Pentagon funds for peacekeeping are tied up in an unseemly turf squabble with the State Department. If President Clinton doesn't knock heads, he will jeopardize sup-

port for UN operations. Peacekeeping also requires special training to restrain the use of force and avoid making enemies. Peacekeepers learn to perform the same way people get to Carnegie Hall — practice, practice, practice. That is best done by designating U.S. units whose cises would make sure that these troops are not at the mercy of untrained ailies.

Commander-in-Chief Clinton can better prepare the armed services for post-Cold War contingencies by ordering these extra steps. -- THE NEW YORK TIMES.

Now Inspire the Country

Bill Clinton has often told his aides that the battle for his deficit reduction package was "the bone in our throat." He meant that the budget fight was a distraction from the potentially popular measures he had hoped would mark his administration. Worse still for a man who campaigned as a champion of activist and innovative government, the battle just past seemed to be about the same old things: taxes, spending, deficits and partisanship.

Mr. Clinton's willingness to risk a great deal on behalf of fiscal solvency is a measure of strength, not weakness. Nonetheless, the first six months of his term have sapped the energy and enthusiasm of even his strongest supporters. His budget victory gives him the opportunity to recast his presidency in terms larger than the absolutely necessary but hardly inspiring task of balancing the books. In doing so, he needs to recall his strengths

during last year's election. He was a candidate who understood not only the impatience of much of the electorate with the failures of 12 Republican years but also its thirst for departures from old Democratic Party forms. He in fact remained faithful to his party's traditions of energetic government and a commitment to help the poor. But he also accepted that his party had to learn lessons from past failures. Programs to assist the poor needed to encourage work, not penalize it; bureaucracies needed to be slimmed and renovated; government can work best not as the problem solver of first resort but as the catalyst of an active citizenry.

Mr. Clinton understood something else: that the country now finds itself in a radically new economic situation. The rise of a global economy makes life hugely more challenging, and in many cases much more difficult, for the average American. The new economy is especially tough on those who once could count on bluecollar and industrial jobs to sustain a comfortable standard of living. Many of those jobs are

now moving to low-wage nations. There can be no doubt about the Clinton

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administration's central task: to help the country understand the historic nature of the economic challenge it faces and to lead the way toward the transformations required to meet it. These include actions in Washington, but do not end there. They encompass new forms of cooperation with foreign governments to end worldwide economic slowdown and, crucially, a willingness by individuals to embrace

the changes required by new circumstances. Democracies cannot force citizens to change seginst their will. But presidents can challenge a people to pursue new paths, and governments can encourage daring by providing a degree of security. The president is right to push for the North American Free Trade Agreement and completion of trade talks aimed at keeping world markets open. But he is also right to push for universal access to health care. Workers facing challenges on so many fronts at the least deserve assurances that a competitive world

will not leave them helpless against sickness. Other items on the near agenda include welfare reform and the initiatives to "reinvent government" that Vice President Al Gore will be suggesting. These allow Mr. Chinton to revisit his campaign's most promising themes. His apparent desire to continue pursuing budget cuts may prove essential not only to meet commitments to conservative Democrats but also to finance innovations in welfare, job training and education.

But to succeed, his presidency needs to become more than a list of programs. The troubles he ran into in gathering public support for his deficit plan and the degree to which such trivial matters as his now famous haircut shaped the popular view of his presidency suggest that he has not dispelled skepticism about government or inspired confidence in his course. With his deserved victory on the budget in hand, he should not besitate to speak unequivocally about where he wants to lead the country - and to challenge it to join him.

- THE WASHINGTON POST.



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Bosnia: The Answer Is to Give Bombing a Chance

WASHINGTON —For one glorious mo-W ment a week ago, it seemed that the NATO ministers in Brussels had finally agreed to get tough with Serbian leaders who had been jerking the world's diplomats around for the past two years, making a mockery of collective security.

Word came from NATO headquarters that a list of targets had been selected for air strikes to break the siege of Sarajevo and save the lives of its Muslim residents. The targets were not just Serbian artillery positions in the hills pounding the populace, but fuel and ammo dumps, supply lines and bridges, and "those responsible Bosnian Serbs" — meaning the contemptuous thugs with stars on their shoulders who have been directing mass murder with impunity.

Word was simultaneously pumped out of Washington that the Clinton administration had adopted a new, resolute "Don't ask tell" policy asserting the need for air intervention now to stop the bloodletting. Reporters were told that this time the president would not allow the British and French to dictate the dithering, "Coercive diplomacy" would be-come the order of the day.

By William Safire

And what happened? The psychiatrist who froms for the Serbian strongman took note of these delusions of potency and, as usual when the West has a brief fit of conscience, promised to stop the shelling and to allow relief convoys in. Then, as Western buffing and puffing subsided, the tough cop leading the Serbs added a few conditions that vitiated his nice cop's seeming concession. The noose tightened on Sarajevo.

The clue that emboldened the Serbian lead-

ers was the agreement between the chief of NATO's southern forces, U.S. Admiral Jeremy ords, and the French general commandir UN forces in the Balkans, Jean Cot. Its essence: The United Nations has a veto over any NATO air strike. The decision to direct Admiral Boorda to subordinate his command authority to the United Nations was made by the president of the United States.

Mr. Clinton's "Don't ask - tell" thus became "Don't ask — beg." The UN "protec-tive force" in the former Yugoslavia is mainly concerned with protecting UN distribution of food and bandages, and not in protecting Muslims from Serbian guns. The UN com-manders are afraid that if NATO forcably lifts the siege, resentful Serbian militia will attack the scattered 25,000 UN forces.

Thus, President Clinton has placed responsibility for the decision to attack the aggressors in the hands of the UN commanders most fearful of a counterattack. That means that the UN force protects the Serbian attackers. Again Mr. Clinton can say it's not his fault. From the previous "The allies won't let me do it" he moves to "The UN won't let me do it."

If he wants to stop the killing, here's how:

1. Tell the United Nations to assemble its forces in a defensible position, hunker down and get out of the way. This is known as sending the Serbs a signal.

2. Tell the Bosnian Serbs that they have

until Friday noon to cease firing everywhere, to withdraw all forces from within 80 kilometers of Sarajevo, and not to interfere with any relief supplies anywhere — or else. This is known as an ultimatum.

3. Inform America's European allies that if NATO is not empowered to make good on

ate its drawdown of forces in Europe to 20,000 monthly until no U.S. troops remain.

West have tried the hand-winging groroach for two years; that has brought tens of thousands of casualities, Western self-disgust and the erosion of American leadership.

By denying Bosnia arms for self-defense, the West spectral that Muelius mould lead

the West ensured that Muslims would lose the war. Now the Serbs want not only the land they have sezzed but the total humiliation of the defeated by denying them even-sovereignty in Sarajevo. When does injustice

become intolerable? The quagmine-mongers ask: "But what if bombing doesn't work—are you prepared to send American ground troops into Bosnia?"

Answer. Give bombing a chance. If sus-

tained bombing of the targets on the NATO list fails, the West can debate about flinching later. Nothing would be lost that is not being lost now. At worst, the intervention will have put a heavy price on aggression; at best, it will save thousands of human lives and establish the world's right to intervene.

The New York Times.

Will the West Stop Playing Fool With Serbian Aggressors?

N EW YORK —There is a form of classic farce in which the fool places his trust again and again in a rogue who tricks him every time. He learns no more from experience than the animated cartoon

creature who is repeatedly flattened. The United States, the West Europeans and the United Nations have all played the part of the fool in their dealings with the Serbian ag-gressors in Bosnia. The Serbs promise to be good this time, the fools believe them, and the Serbs immedi-

ately renege on their promise.

The promises have come whenever it looked as though the outside world might act to stop the Serbian aggression. Last spring, for example, when President Bill Clinton seemed to be ready to use force, President Slobodan Milosevic of Serbia surprisingly endorsed the Vance-Owen peace plan. But when the threat evaporated, the Bosnian Serbs scorned the plan. The latest version of the farce has

By Anthony Lewis

just been performed. As the Serbian assault came closer and closer to the Bosnian capital, Sarajevo, Mr. Clinton once more sounded serious. He pressed the NATO allies - really pressed, this time - to agree to air strikes on Serbian positions.

Bosnian Serb leaders reacted at once. Radovan Karadzic and General Ratko Mladic met with the UN commander on the scene and said they would withdraw their forces from mountains overlooking Sarajevo. They also promised to open roads to the capital that the Serbs have blocked for 16 months, and to restore

electricity, water and gas supplies.
The UN commander, Lieutenant General Francis Briquemont of Belgium, showed great relief. He and his colleagues feared that the UN forces in Bosnia would be attacked by Serbs if NATO began bombing. In NATO, European resistance to an air campaign seemed to stiff-

en. Under pressure from the Euro-peans, the Clinton administration

agreed to let UN officials veto any proposed bombing targets.

What happened next? Why of course the Serbian leaders began to take back their promises. There were conditions. They would not,

after all, lift the siege ... The question now is whether Mr. Clinton has finally learned, and will act on, the simple truth about Serbian promises. That is that Messrs. Milosevic, Karadzic and Mladic understand only one language: force. Unless they believe that Mr. Clinton will act, they will

forget their latest promise.

It is a question primarily for Mr.
Clinton because the others are determined not to understand. The UN secretary-general, Butros Butros Ghali, has opposed forceful intervention at every stage. Such En-ropean leaders as Prime Minister

John Major of Britain have no stom-ach -- no backbone might be a more accurate word - for resistance to the Serbian mass murderers.

The stakes are profound: not just the lives of Bosnians but the hope of heading off more ethnic and religious terror in much of Eastern Europe. Senator Bob Dole was right when he wrote in The Washington Post last week that American weakness in the face of a third-rate power like Serbia

is exactly the type of invitation dic-tators and aggressors dream of.

Mr. Dole urged Mr. Clinton to call on NATO for an ultimatum to the Serbs: Stop blocking relief convoys, carry out promised cease-fires, hand heavy weapons over to the United Nations and disband General Madic's militia. If not, we carry out air attacks: with the approval of the UN Security Council or, lacking that, on our own under the UN Charter provision for collective defense when a

member state is attacked. To be effective, in my view, the ultimatum to the Serbs would have to be more explicit: Stop firing within 24 hours or we bomb artillery positions. On day two we take out General Mladic's headquarters in Pale. On day three we attack military targets in the privileged sanctuary of Beigrade.

The second second

Firmness toward the aggressor should have come long ago. At this stage it seems that all American policy is trying to achieve is a division of Bosnia into three ethnic units, saving a tiny bit for the Muslims instead of total gobbling by the Serbs and Croats.

But Mr. Clinton might at least restore a little faith in American will. He might at least show that a superpower will not forever play the fool to aggressors. And he might still save some innocent Bosnian lives. History repeats itself, Marx said. the first time as tragedy, the second time as farce. But the Bosnians go on living the tragedy.

The New York Times.

Get Israelis, Palestinians and Jordanians Into a Joint Venture

C AMBRIDGE, Massachusetts — Even the bravest of speculators might view an investment in the West Bank and Gaza as a risky venture. Still, in the midst of the region's onagain, off-again hostilities, land prices have skyrocketed as prospectors swallow up real estate at an unprecedented pace. The market, it appears, is wagering not only that peace

this particular tract of land may soon develop into one of the Middle East's most buoyant economies. Gaza, lined with magnificent beaches, and the West Bank, home to a unique array of historic sites, can both develop into hot attractions for American, Gulf, European and Japanese tourists. For entrepreneurs, the region offers an ideal venue for clothing manufacturing and development of other light industry. And both sides will benefit from fusing Israel's

P RINCETON. New Jersey — For roughly what it cost to launch 23

Tomahawk missiles against Iraqi intel-

ligence headquarters in Baghdad, the

international community could buy

most of the wheat now being harvest-

ed in the Kurdish areas of northern

Iraq. Such a move would do far more

to undermine Saddam Hussein's plan

to reabsorb the north and to consoli-

date his position in Iraq than largely

Baghdad has the military capabili-

ly to recapture the autonomous

northern region, liberated since the spring of 1991. But knowing that

such a move might provoke a major international military response, Sad-

dam has opted for waring a success-

ful economic war against the north.

First, he has imposed his own eco-

nomic embargo on the north. Only

emergency, humanitarian aid can

reach the region, but nothing that

ineffectual military strikes.

By Leonard J. Hausman and Lester C. Thurow sophisticated technology with high-

quality Palestinian labor. Despite the potential and the recent speculative boom, the region's economy has, due to years of political turbulence, plodded along unin-spired. The Middle East's political and military conflicts have for too ressed what s Middle Eastern mecca.

What is needed at this point is a plan. Not just to prod the region into cashing in more quickly on its resources, but one that will also pave the way for greater political and diplomatic cooperation among Jordani ans. Palestinians and Israelis.

After all, the rewards of constructing a thriving economy in the West Bank and Gaza go beyond simply fill-ing the coffers of its residents. As the European nations have shown in the

night rehabilitate its crippled economy.

Second, on May 5, the Iraqi govern-ment withdrew all 25 dinar notes from

circulation, wiping out more than \$20

million in northern savings. Baghdad

has threatened to do the same with 5

and 10 dinar notes. This is the only

legal tender in the north, and, until May 5, was still accepted as payment

by merchants in Turkey and Iran.

where the north could buy some of its

basic consumption needs. Now those

same merchants no longer want to bold Iraqi currency that Saddam has

intentionally undermined.

How has the north earned these

dinars in the first place? By selling to

the south the one commodity the re-

gion is able to produce: wheat. In the summer of 1992, some 200,000 tons

of it went south to Saddam's captive

population in exchange for dinars.

Use the Wheat Weapon to Defend the Iraqi North

By John Waterbury

decades following World War II, the surest foundation for political healing is an integrated economy - beginning there with the formation of the European Iron and Steel Commission in the 1940s, progressing a decade later with the creation of the European Eco-nomic Community and culminating in ar with the full i gration of the European markets.

The first step toward this type of union in the West Bank and Gaza will require fusing the neighboring Israeli, Jordanian and Palestinian economies to create a Palestinian one That as outlined in a recent report, "Securing Peace in the Mid-dle East: Project on Economic Transition," authored by a committee of 34 Israeli, Jordanian and Palestinian economists along with nine economists from Harvard and MIT, in-

So important is this source of food

supply that it has contributed to Saddam's ability to float UN resolutions

706 and 712 that would allow it to sell,

under UN supervision, oil for food

and medicine. It is likely that at least

200,000 tons of this summer's crop will

The democratically elected but un-

recognized government in northern

iraq has no cash with which to pur-

chase the crop. The international

community, at a pledging session in Geneva at the beginning of June,

buy-back program that would acquire some 50,000 tons that would

then be distributed to refugees in the

But the population at risk in the north is on the order of 2 million. The

north during the winter months.

came up with \$6.5 million toward a

find its way to Baghdad.

cluding ourselves, would require:

• Reforming the existing civil administration in the West Bank and Gaza. This would mean replacing the top Israeli officials in the civil administration with Palestinians. Ultimately the Palestinians may want a system of economic management different from the one currently imposed by Israel, but the first job is an orderly system. This will allow the Palestinians to feel assered that their views

will be respected and that the economy keeps functioning during the early part of the transition. • Setting up banks that will ex-tend credit to new businesses and allowing existing banks to expand. Without an expansion of credit in the region, chances that new businesses will emerge are slim. And no new es means lewer new jobs. If

the fields of northern Iraq, but there is no money locally with which to buy it. The United States has two points of leverage on Baghdad: the same

tions and the autonomous northern

zone. If Saddam wins the economic

war, the autonomous zone will disap-

pear. Moreover, if northern leader-

ship cuts a deal with Saddam, it will

be very hard for the international

community to maintain the sanctions

because of their harsh effects on all

the Irsqi people.

The object is to protect northern

autonomy not as a prejude to inde-pendence for the Kurds but rather as

part of a strategy to weaken Saddam

Hussein's regime. To work, the strategy must gradually shift international

assistance to the north from emergen-

be the purchase of a substantial por-tion of the wheat harvest, which

could then be sold back to the people

A first step in this direction would

cy aid to economic rehabilitation.

hope of prospering economically, absorbing the more than 9,000 new entrants a year is a must, especially considering that the economy is currently generating jobs for fewer than half of these immigrants.

• Reserving 100,000 jobs for Palestinians in Israel. This winter's vio-

lence and tensions led Israel to restrict the employment of Palestinians from 110,000, Israel has its security needs, but the job cutback has cause vast unemployment and deepened poverty in the occupied territories. A peace treaty will not remain in effect for long if large segments of the population remain unemployed.

• Establishing a free trade area in the region for goods, services and capital. For Israel, the opportunities are enormous, as a free trade area will not only wipe out the old Arab boycott but allow the Palestinian entity and Jordan to become their economic doorway to the Arab world, just as Hong Kong is the doorway to mainland China. For Palestine and Jordan, free trade will mean greater access to Israel's capital and technology, which will create more jobs and higher wages for their relatively well-educated labor force.

 Seeking foreign aid for joint projects. Foreign funds for projects to improve the region's infrastructure, such as water development projects and highway and commu tions systems, would also help speed the integration of the three economies. One way to accomplish this is through a Middle East Bank for Cooperation and Development, jointly managed by all three parties and capitalized by external donors.

 Creating an integrated economy in the West Bank and Gaza. Change will be no simpler in the Middle East. But the journey should now begin with the establishment of a tripartite Israeli-Jordanian-Palestimian commission to work out trade and other economic agreements. What needs to happen now is clear; The United States must place economic issues near the top of the

Mr. Hausman is director of the Institute of Social and Economic Policy in the Middle East, at the Kennedy School of Government at Harvard University. Mr. Thurow is dean of the Sloan School of Management at the Massachusett ... Institute of Technology. They contributed this comment to The Washington Post.

Middle East negotiating agenda.

Good News From Europe and Japan

WASHINGTON — The American economy last week got more good news than just the budget deal. Europe abandoned its effort to maintain fixed exchange rates. Japan chose its first new govemment in 40 years.

Only one of those happenings, the budget deal, made big news in the United States. That is understandable: most Americans find it hard enough to stay tuned to the drama of the U.S. deficit, let alone the fate of the franc or the languishing of the LDP. But the foreign developments will probably have greater impact on America's economic growth and ability to create new jobs for at least the next few years.

Of course the budget package is an essential start. The United States has been mired in shiggish growth or worse for the past five years because of the heavy debt burdens that weaken all sectors of the economy — consumers, corporations and the government. it is going to take enormous effort

to faithfully carry out the Clinton blueprint over the next five years. Vigilance and political muscle will be needed to make sure that Congress actually delivers the largely unspecified spending cuts promised for future years, while substantial additional steps will be needed to complete the budget correction.
Still, the deal is important in es-

tablishing credibility in dealing with

By C. Fred Bergsten This is the first of two articles.

the global problems that matter most now to America's growth. The outlook for economic growth in the short to medium run is still, no doubt, extremely modest. The tax increases and spending restraints called for in the deficit reduction package will tend to contract the economy. Fortunately, the lower interest rates that result from the budget deal should provide a stimulus of roughly offsetting magnitude.

This leaves America with continued slow growth and little prospect for creating more jobs unless something else is done. If Congress and the administra-

tion want to use fiscal punch to improve that outlook, they will have to take on another challenge; finding ways, within the tight ceilings of the new budget law, to shift spending to programs like technology innovation and worker training that spur productivity. But even those new investments would take time before paying off in faster growth and more jobs. Thus, for the short run the only

prospect for a significant pickup in

the American economy is foreign trade. Indeed, economic models

predict that much of the expected

beneficial effect from the new bud-

get package will come from trade

interest rates keeping the dollar. and hence exports, competitive. The importance of exports has

been demonstrated in recent years. More than a third of America's total growth in the late '80s came from an improved international position. Export expansion kept the recession of 1990-1991 from being twice as bad as it was. Unfortunately, recessions that cut buying power in the major foreign markets have caused U.S. trade performance to deteriorate again in the last two years.

This is where events in Europe and Japan come in Faster growth there boosts U.S. exports, and hence jobs at home, by hefty amounts. My colleague William Cline estimates that every I percent per year in faster growth abroad increases America's annual exports by \$10 billion. if Europe and Japan could resume their normal growth paths over the

next two to three years, U.S. domes-

tic output could expand by as much as \$50 billion. A million high-wage jobs would be created. The writer is director of the Institute for International Economics and chairman of the Competitive-ness Policy Council. His latest book, co-unthored with Marcus Noland, is "Reconcilable Differences? United States-Japan Economic Conflict." He contributed this comment to The

Washington Post.

of northern Iraq during the winter months. The cost would be about \$25 million. Saddam would be deprived of a crucial supply of food, his eco-nomic squeeze would be undone, and the north would continue to escape his direct control.

The writer is director of the Center of International Studies at Princeton University. He contributed this comment to The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Rioting in Spain MADRID - An extraordinary state

prevails at Vitoria. The city was affected by a new scheme of military reorganization. The populace resent-ed Vitoria being deposed from its position as an important military. centre, and there was rioting on Ang. 8. Martial law has been proclaimed. The railway line was guarded, lest an attack be made upon the train in which the Minister of War traveled from Madrid to San Schastian and, as the military prevented all ap-proach to the station, when the train came the crossed booted and whistled.

1918: Pledge to Russia LONDON - The British Govern-

ment, in a declaration to Russia, which has been published at Vladivostok, says: "We come to you as friends, to aid you and to save you from dismemberment; from destruc-tion at the hands of the Germans,

slavery and to employ the important resources of your country to their own ends. But we solemnly desire to assure you that while our troops pen-etrate Russia to lend you their aid in your fight against Germany we will not retain a yard of your territory."

1943: 'Gandhi Pilgrims'

BOMBAY - From our New York edition: J Disorders broke out at Bonbay, Ahmedahad and Poona today [Ang. 9] on the first anniversary of the arrest of Mohandas Gandhi and other Nationalist leaders. Many hundreds of persons were arrested. Many militant Nationalists sought to march on Poo-na, where Gandhi is interned at the ty rioters were arrested here during the morning and another 60 were arrested as they tried to entrain for Poona to hold demonstrations demanding Gandhi's release Many Na-tionalists, clad in white, alighted at Poona station, wearing badges inwho seek to reduce your people to scribed "Gandhi pilgrimage."

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to a Jointle

OPINION

U.S. Policy Lags in East Asia

By Chalmers Johnson

S AN DIEGO — The aftershocks of the end of the Cold War roll relentlessly through Asia. In Japan, the Liberal Democratic Party, America's chosen instrument for keeping Japan in the Western camp, finally collapses under the weight of its corruption and irrelevance. In South Korea, a genninely democratic regime correct to peaker and for the first tion and irrelevance. In South Korea, a genuinely democratic regime comes to power and for the first time in 30 years gets the Korean Ariny, long allied with the United States, back into its barracks. In Singapore, the ASEAN foreign ministers set up an exclusively Asian caucus, which Japan supports even though the United States has been opposed.

And China, the world's biggest society, finally achieves its own approximation of the East Asian developmental model—authoritarian politics and market economics—and starts to grow at more than 10 percent a year, thereby posing major new prob-

Even though the Americans invested great hopes in Bill Clinton's reformist government, it is doubtful they anticipated that in foreign policy he would return to office. almost every living member of the Carter administration.

lems for the environment, the global trading system and the balance of power.
What is the United States doing in response to these

fundamental changes? Almost nothing.

Even though the Americans invested great hopes in the reformst government of President Bill Cinton, it is doubtful they anticipated that in foreign policy he would assure a second of the control of the c policy he would return to office almost every hving member of the Carter administration — including the secretary of state, the head of the National Security Council and his deputy and the ambassadors to Japan, Germany and the European Community. Even more inexplicably, the president named as his assistant secretary of state for Asia and the Pacific George Bush's former ambassador to China. The United States has a trade deficit with Japan of \$50 billion. Part of U.S. economic reform therefore must include coming to grips with Japan's economic challenge. Nevertheless, Mr. Clinton named as the U.S. trade representative and as secretary of commerce men who freely admit that they know nothing about either Japan or international commerce.

Just as was the case in President Bush's disastrous visit to Japan last year, Mr. Chinton went to Japan in July without a single high official accompanying him who had substantial knowledge and experience of Japan

pan and who could read the Japanese language.

Does this lack of expertise make a difference? Yes. The Americans are now missing a big opportunity to

take advantage of Japanese events.

With much of the Japanese establishment under indictment for taking bribes from the construction indictment this result has a seed from the construction to the constructi industry, this would be a good time to push Japan to open its domestic construction to U.S. firms. Instead, the U.S. trade representative withdrew his threat of retaliation under U.S. trade law, and on July 26 the State Department awarded a \$7.1 million contract to a Japanese construction firm, Obayashi Corp., to rebuild the residence of the American ambass Japan. (The State Department claims that it had to take the lowest bid. Has it never heard of deliberate

underbidding and subsequent cost overtuns?)

What should the United States be doing about Japan and the changing environment in the Pacific?

First, embrace results-oriented trade. Washington must recognize that every single effort to negotiate acceptable trade rules with Japan has failed and that the new coalition coming to power in Tokyo will be too weak — and perhaps too short-lived — to change this pattern. It is now necessary for the United States to negotiate, or simply adopt a trade policy based on acceptable outcomes. Trade must no longer be a vehicle for destroying American industries or export-

ing low-value jobs to the United States. Ing iow-value jobs to the United States.

Second, America must adopt an industrial policy.

Japan and the other high-growth economies of East
Asia have shown that the state can be an important
contributions include those that Adom Smith manifed contributions include things that Adam Smith specified education, investment in infrastructure, incentives to save - but also public measures to provide American

save — but also public measures to provide American citizens with good jobs in high-tech industries.

• Third, the U.S. government should be staffed with people qualified to understand, monitor and shape new policies toward the countries of Asia. Such policies wight implied recognition Victoria and make policies might include recognizing Vietnam and mak-ing less saber-rattling speeches about North Korea, a regime on the ropes that is using its nuclear potential as a bargaining chip, not a realistic threat. Washing-

ton must also put some teeth into laws against its own officials working for foreign interests.

If President Clinton does not do these things soon, he risks seeing his own party go the way of Japan's Libert Democrate. Liberal Democrats.

The writer, professor emeritus of Pacific international relations at the University of California, San Diego, is author of "MITI and the Japanese Miracle." He contributed this comment to the Los Angeles Times.

The American Lawyer: An Ethos Adrift in Greed

N EW YORK — Many law-yers like paradox — and here's one they like especially, because it's about them.

Americans despise lawyers, vet we can't get enough of them. The legal thriller — John Grisham's "The Firm," Scott Turow's "Pleading Guilty" — is a hot genre, so big it's become a new category in the book business and has crossed over to do major box

office at the movies. To explain their dubious promnence, lawyers like the notion

MEANWHILE

that the law has become America's civic religion. In a country where people are plagued by doubt or divided by creed, the law is said to provide common ground. Americans hate lawyers because we expect them to compare with priests and are enraged

by their shortcomings. We are riveted by legal thrillers because we want to know what's wrong with an institution that should stand for what's right.

As a group, the American Bar Association is preoccupied with its base image. Michael Scanlon, its communications director, is the former chief executive of the Petroleum Marketing Education Foundation. He was brought in to give lawyers a makeover. It's no accident that the 1993

ABA annual meeting is dedicated to the memory of Justice Thurgood Marshall. Honoring the late justice is a way to celebrate the ideal of the lawyer-statesman. It presents the lawyer at his or her best, in the tradition of Thomas. Jefferson, Abraham Lincoln and, for lawyers especially, of Justice Louis Brandeis, who preached

moral activism for the profession. Robert Gordon of Stanford Law School defined the lawyerstatesman as "the independent citizen, the uncorrupted just man By Lincoln Caplan

of losing its soul," as Anthony of learning combined with practi-Kronman, a professor at Yale cal wisdom. Mr. Gordon also pointed out that the model has been "so completely eclipsed that Law School, has warned? In this rule-of-law country, the consequences run far beyond the bar. Rather than offering a source of Long before they became the moral purpose, the practice of law butt of jokes, lawyers worried that

has become hollow at its core. they deserved to be. Since the 1970s, the organized bar has expe-Lauding Thurgood Marshall and emphasizing how his legacy is carried on, the ABA is trying to rienced a crisis of confidence. The most prominent statement of correct this widespread impresalarm appeared in a 1986 report sion. The real problem, however, is not that the image of lawyers is called "In the Spirit of Public Service: A Blueprint for the Rekin-dling of Lawyer Professional-ism." It explored the question. wrong but that it captures reality. The problem is simply what lawyers do for a living. They de-"Has our profession abandoned fine themselves primarily through

principle for profit, professionaltheir relationships with clients, not with society. To some lawem for com In the ABA's view, the characyers, there's no compromising the ter of lawyering has been severely strained. The best symbol of devotion owed a client. By contrast, others have proposed a rethings gone bad was the "firm" definition of the concept of advothe large office of scores of law-yers, if not hundreds, that is darkcacy so that, besides serving a client, a lawyer strives to fulfill ly portrayed in legal thrillers. The megafirm became the villain in a

story of extraordinary change.
As the demand for the services of lawyers increased (from \$8.2 billion in 1960 to \$47.5 billion in 1985, in 1985 dollars), so did the supply. Between 1965 and 1990, the number of American lawyers leaped from 296,000 to 800,000. increasing more than four times as fast as the population of the

United States.
In his book "Rascals: The Selling of the Legal Profession," Peter Brown contends that the bar has become blemished by "crime. perfidy, greed and sloth and that many lawyers treat law "as a trade solely for profit rather than as a profession for service to the lic interest."

Many of the "greedy ones" are in large law firms, which promote 'selfishness" among their partners, the "oppression and abuse" of their associates and a general decline of "manners and morals." Does the bar stand "in danger

1977 lawyers began what the scholar Theodore Schneyer called "the most sustained and democratic debate about professional ethics in the history of the American bar." An early version of proposed changes in the bar's code of conduct was drafted boldly to include rules of wide interest to the public and to lawyers, like a requirement that every lawyer give 40 hours a year of free legal service, as a general contribution

other recommendations proved highly controversial.
In 1983 the bar's code was rewritten to finesse all controversy. Its final form confirmed the bar's passage from an organization defined by tradition to one

to American justice. This and

shaped by expediency.
In the old model of legal ethics, the lawyer's duty to represent a client zealously was tempered by his responsibility to do so "within

obligations to society as well.

The clash is fundamental. In the law is seen as vague and changeable, the duty of zealous advocacy seems to overwhelm lawyers' sense of responsibility to

operate within legal hounds.

Even lawyers known for care and caution feel obliged to test the limits of propriety in the name of professional duty. As Mr. Gordon said. The lawyer under such an ethical regime is by vocation someone who helps clients find ways around the law," although

the outcome may be unsavory. The popular culture has got it right, and the bar has no one to blame but itself. The current ethos among lawyers has led to a race to the bottom.

The writer is author of the forthcoming "Skudden: Power, Money and the Rise of a Legal Empire." He contributed this comment to The New York Times.



'It's a disgrace the way the whole law profession is maligned these days.'

LETTERS TO THE EDITOR

Leadership Has Failed

I am sure Joseph Brodsky speaks nia, the local language was supfor many of us who now view our leaders as cowards or profiteers ("Enough of This Unnecessary Carnage in the Balkans, Opinion, Aug. 5). Why did U.S. officials bother with speeches at the new Holocaust Museum in Washington when America cannot be bothered to stop the present genocide? Why stop the present genocide? Why did the West go in so boldly to save poor Kuwait when that country is not poor anyway, was not at all democratic and still isn't? Someone is making gains while Sarajevo laces death every day.

DEREK PAYNE Barcelona.

I appreciated Muhamed Sacir-bey's "Ramamber to Prosecute War-ing" is blauant interference in the Criminals" (Opinion, Aug. 6) and internal affairs of an independent outry. The West must condemn it way, already at age 16, the future and demand that the Russian gov-Nobel Prize winner acted as a man of honor. According to Soviet law, Mr. Brodsky had to choose between the Lettish "nationality" of his mother and the Jewish one of his father. His choice brought him into many troubles, including a year in a subarctic penitentiary colony. LEON POLIAKOV.

Massy, France.

For Limited Asylum

Regarding "When the Comfort-able Turn Their Backs on Refugees" (Opinion, July 28):

duty of nations to help refugees from warring countries is not in question. But there must be guarantees that they will return home when conditions there permit.

JANE MOLARD.

Estonia and Russia

possibilities for non-circuits — that culture. It is time to break the siprovoked the Russian population of lence and end the suffering. Narva to vote for autonomy. Rather, it was Estonia's policy of as-similation of its Russian minority, which has thrust this half-million strong community into a status of aliens. As this group becomes more radicalized, don't be surprised if in a future referendum Narva's popu-

lation votes overwhelmingly for reunification with Russia. can prevent such a destabilizing. reader of the international Herald split. Ill-conceived backing of its Tribune, I encountered him only split. Ill-conceived backing of its policies can only spoil the country's chances of passing a crucial made those weekends, he more test in Narva

PAVEL BAEV. Institute of Europe. Moscow.

It was ironic to read the report in your June 25 edition about the threat by President Boris Yeltsin to intervene if Russian-speakers in Estonia "rebelled against what he called apartheid." The Russians in Estonia are not immigrants, but

colonists and illegal aliens.
Starting in 1940, Estonia was occupied, colonized and Russified by the Soviet Union. Until 1991 the Soviet Union engaged in ethnic cleansing eliminating more than 130,000 Estomans (12 percent of the population) via murder and depor-tations to Siberian labor camps.

Thousands of Russian workers and bureaucrats were implanted in Estothousands of Soviet troops were sta-

tioned there, 8,000 of whom remain against the will of the Estonian people and their government. The Soviets' immediate goal was language. Given a few more years, they might have succeeded. Estoman naturalization rules are

some of the most denient in Europe

just three years residency,
knowledge of Estonian and an oath of loyalty. Is making Estonian an official language a deprivation of human rights and "crude discrimi-nation"? Mr. Yelstin's "barsh warnernment remove the last vestiges of imperial rule and Soviet troops out of Estonia.

·· HANS MIRKA Hounslow, England.

Womanhood as Slavery

Regarding "Bring Together the World to Eradicate This Torture" (July 28) by A. M. Rosenthal:

The true purpose of female genital mutilation is to disempower the female. Cultures with the means to end this practice fail to do so be-The postwar consensus regarding the obligations of states toward refugees was reached well before to day's massive overpopulation. The usually the actual perpetrators of this monstruous, intevocable crime? JANE GREY.

To live in a condition where no viable choices exist is to live the life of a slave. That women would have their bodies munilated rather than suffer the consequences of denying such a practice is an indication of Regarding "Watch Russia's Bainc their oppression: For those of us Near Abroad" (Opinion, July 27):

Prime Minister Carl Bildt of gage in intellectual discourse rath-Sweden is right to call attention to er than live the horrors of such a developments in Estonia, but his arreality, this atrocity is not easy to appliause for its policies seems face. Because to acknowledge that millions of women are munilated It was certainly not the Estonian for no reason at all is to acknowllaw on aliens — which spells out the possibilities for noncritizens to be lessness of being a woman in such a

> WINNIE WING-NING SO. Hong Kong.

A Tribute to Maleska

Crossword addicts all over the world will join me in mourning the passing on Ang. 3 of Eugene Maleska, crossword puzzle editor Only the Estonian government of The New York Times. As a often than not succeeded in frustrating a majority of them. Above anything else, he will be sorely missed on those long-distance flights when he helped case the tedium and tension of travel.

B. J. FERNANDES.

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never held political office. She took a subway to the prime minister's office for the swearing-in, while veter-

an politicians were driven grandly to the door in

Two of the agencies that have been plagued with bribery scandals, the Construction Ministry, which

allocates big contracts, and the Transportation Minis-

try, which regulates transit and delivery companies, will now be headed by Socialist parliament members,

indicating that business as usual may be ending there.
In terms of U.S. Japan made relations, the key

figures in the new cabinet will probably be Hirohisa

Fujii, the finance minister, and Hiroshi Kumagai, who will oversee foreign trade negotiations.

known to Americans as the man who once argued that

Japan could not import American beef because Japanese intestines were different. He now says he does not

believe that, but he still expresses concern about beef

imports into a country that traditionally has eaten fish

Mr. Hata said Monday that Japan would retain and strengthen its present foreign policies, Remers report-

There are many problems in the post-Cold War era, such as nuclear proliferation, assistance to Russia and delayed economic recovery in the developed countries. And the Uruguay Round of GATT talks is

"We will continue the policies, such as aid to Russia and the Uruguay Round, of the old regime," Mr. Hata said. "We aim to expand on these Japan, one of the

major food importing countries, will try to make an effort to succeed in the GATT negotiations."

The New Government

TOKYO - Following is Prime Minister Morihiro

TOKYO — Following is Prime Minister Morihiro Hosokawa's new cabinet that was appointed Monday: Prime Minister: Morihiro Hosokawa (1); Foreign Minister: Tsunom Haus (R); Political Reform: Sadao Yamahana (S); Instice: Akira Mikazuki (N); Finance: Hirohisa Fuji (R); Education: Ryoko Akamatsu (N); Health and Welfare: Keigo Ouchi (D); Agriculture: Bijiro Hata (R); International Trade and Industry: Hiroshi Kumagui (R); Transport: Shigera Ito (S); Tehecomumications: Takenori Kanzaki (C); Labor: Chirara Sakaguchi (C); Construction: Kozo Igarashi (S); Hone Affairs: Kanju Sato (S); Chief Cabinet Secretary: Masayoshi Takemura (I).

State Ministers

Management/Coordination: Koshiro Ishida (C); Defense:
Keisuler Nakanishi (R); Economic Planning: Manae Kubota
(S); Science and Technology: Satsuki Eda (F); Environment:
Wakako Hironaka (C); National Land, Hokkaido/Okinawa
Development: Rosuke Uchara (S).
Kry: S-Socialist Party, J-Japan New Party, R-Japan Renewal Party, H-New Harbinger Party, C-Clean Government Party,
D-Democratic Socialist Party, R-Social Democratic Federation, N-Nonpolitical.

Mr. Hata, the foreign minister, is perhaps best

Hosokawa Opts for Diversity

In Japanese Coalition Cabinet

limousines.

and vegetables.

important," he said.

State Ministers

A Pledge on GATT Talks

TOKYO - Prime Minister Morihiro Hosokawa on

Monday nominated the most diverse cabinet in Japan's postwar history to direct the new coalition

government that marks the end of four decades of

Mr. Hosokawa, who professes an admiration for

President Bill Chinton, opted for his own version of "a cabinet that looks like the country" by naming a state

that includes politicians from seven different parties

and two nonpoliticians from the private sector. Three

of the 20 appointees are women, the most in Japanese

political system that had resisted change.

The cabinet was carefully assembled in accordance

with what Mr. Hosokawa calls the "new wind" sweep-

A key reason for that new wind was disgust with political payoff scandals involving the long-dominant

Liberal Democratic Party. Reform is a priority for the

Accordingly, Mr. Hosokawa created a new cabinet post of minister of political reform and for it chose Sadao Yamahana, head of the Social Democratic

Party. Mr. Yamahana has made a career out of attack-

ing corruption in politics, but as head of a minority

party he has not had the power to do anything about it.
[Mr. Hosokawa said Monday that his government
"will be known as the political reform administration

and we will be determined to make an all-out effort to

pass political reform laws in this current year," Ren-

The new cabinet is not all new faces. Several of the

top positions — including foreign minister, finance minister, minister of international trade and industry,

agriculture minister and defense minister - went to

defecting Liberal Democrats who joined new parties

this summer. Of these, however, only the new foreign

minister, Tsutomu Hata, has served in a Liberal Dem-

But there is also a world turned unside-down flavor

to the choices. Wakako Hironaka, for example, Mr.

Hosokawa's appointed to head the Environmental

Agency, is a fluent English-speaker who was educated in the United States; on her office wall is a picture of then-Senator John F. Kennedy handing her a diploma

from Brandeis University in 1960. Mrs. Hironaka, 59,

of the Clean Government Party, has been an outspo-

But Mrs. Hironaka has always been written off as an idealist with no power. Now she has more clout

than the Liberal Democratic legislators who scorned

her so publicly a few weeks ago.

Another woman, Ryoko Akamatsu, 63, minister of education, is an equally unlikely choice for a cabinet

job. She is a former bureaucrat and diplomat who has

ken advocate of environmental protection.

ing Japan in the wake of last month's election.

conservative one-party rule.

new government.

ters reported.]

Compiled by Our Staff From Dispatches JUWAYA, Lebanon - Hundreds of Lebanese troops swept into a UN zone facing Israel's front lines in southern Lebanon on Monday, but the army stressed that guerrillas had a "natural right" to keep on fighting Israeli occupation

troops.
It was the first time in 11 years that Lebanese troops had moved into regions of southern Lebanon parrolled by the United Nations. Armed with rifles, machine guns

and anti-tank rockets, soldiers in flak jackets were deployed in Juwaya, Qana, Derghaya and Bir-as Selasii on trucks and armored troop carriers.

UN peacekeepers saluted as the soldiers rode past, and women and children threw rice and handed out sweets and juice.

"We know it's symbolic but it's an important step," said a military driver, Qassem Fawaz, 53, in Juwaya as soldiers set up a post. We wish it had happened a long time ago so our hearts could rest."

In Beirut, an army statement said the deployment was to back "the steadfastness of the people of the south facing Israeli aggression and to stop any security incidents

"There is no truth to any news about this deployment being di-tected against anybody, namely the resistance against the occupation, which remains a natural right for citizens until it ends." the statement from the army command

Military sources said that 500 to 1,000 Lebanese troops had entered the UN zone facing Israel's selfdeclared "security zone" in the first such deployment in the battlescarred region in 11 years. But security sources inside the zone, held by the nine-nation United Nations Interim Force in Lebanon, estimated the number of Lebanese troops

About 5,300 UN peacekeepers have patrolled parts of south Lebanon since 1978, but have been unable to prevent guerrillas from launching attacks on the Israelioccupied south and northern Isra-

Seven Israeli soldiers were killed last month in guerrilla forays into the Israeli zone before Israel unleashed a seven-day air and ground bombardment that left 147 people dead, nearly 500 wounded and half a million displaced.

The onslaught was halted on July (Reuters, AP) the ruling.

Only one of the newly named ministers has served in a cabinet before. By Japanese standards, this amounts to a striking infusion of new blood into a

Townspeople in Qana, Lebanon, celebrating the deployment of Lebanese Army troops in the southern Lebanon village on Monday.

Palestinians Play Down Rift Over Talks

المكذا من الأصل

TUNIS - Three leading Pales-Israeli-occupied territories thrashed out differences with the PLO leadership on Monday, and the conflicting reports. one source in Jerusalem said they "We came here to Tu had withdrawn a threat to resign. The three, Hanan Ashrawi, Fai-

sal Husseini and Saeb Erekat, refused to confirm or deny conflicting reports suggesting that they had submitted and then withdrawn their resignation from the Palestinian delegation to the Middle East peace talks.

"Everybody is talking on this with the PLO leader, Yasser Ara-apart from us," said Mrs. Ashrawi, fat, at PLO headquarters in Tunis. tinian peace negotiators from the the spokeswoman for the Palestinian team at the stalled 21-monthold peace talks, when asked about

"We came here to Tunis for serious and discrete discussions on important issues," she said. "We presented a report and we are having a serious and discrete internal discussions on important issues."

Mrs. Ashrawi, Mr. Husseini, the overall coordinator of the Palestinian team, and Mr. Erekat, a senior other members of the negotiat-delegate, began talks late Sunday ing team, including the chief dele-

Mr. Arafat's aides and PLO officials played down talk of resignations over the PLO leader's handling of the presentation of tinian amendments to a U.S.drafted declaration of principles on Palestinian self-rule.

But a senior PLO official, who asked not to be named, said of the three negotiators, "They threat-

U.S. Asks Court to Bar Demjanjuk

having been a Nazi death camp guard, has no legal States in 1986, remains in Israel, right to be allowed back in the United States, the U.S. Justice Department argued on Monday in appealing a federal court ruling.

Justice Department lawyers asserted that Mr. Demjanjuk, who has been acquitted in Israel of being "Ivan the Terrible" at the Treblinka death camp in Poland, should not be allowed to return.

The department made an emergency request to suspend a ruling by a three-judge panel of the U.S. Court of Appeals for the Sixth Circuit in Cincinnati, ordering that Mr. Demjanjuk be permitted to return.

In its appeal, the Justice Department also requested e court in an effort to overtura

Mr. Demjanjuk, a 73-year-old retired Cleveland WASHINGTON - John Demjanjuk, accused of auto worker who was extradited from the United

> An Israeli Supreme Court panel has set a hearing Aug. 11 on whether Mr. Demjanjuk might stand trial again in that country based on evidence he was a guard at camps other than Treblinka.

Mr. Demjanjuk was stripped of his U.S. citizenship in 1981 and ordered deported in 1986 for lying about his past in World War II.

In the appeal, Justice Department attorneys said his service as a Nazi SS guard at the Trawniki training camp in Poland makes him ineligible to enter the United States, regardless of whether he was "Ivan the

gate, Haidar Abdel-Shafi, headed for Tunis to join the talks.

But in Jerusalem, an adviser to the Palestinian team said that the problem had been resolved. They withdrew their resignation and now they are discussing their role in the team," said Azmi

The dispute centers on a decision by Mr. Arafat, after consultations with Egypt, to deliver the Palestinian amendments to the U.S. secretary of state. Warren M. Christo-

The Palestinians were angry that the U.S. draft did not define the area that would come under limited Palestinian self-rule and that it left Arab East Jerusalem under complete Israeli control.

PLO sources said that Mr. Arafat had violated a PLO executive committee decision on July 3 to neither deal with the U.S. draft nor present amendments to it.

Typhoon Bears Down on Southern Japan Mr. Abdel-Shafi, passing through Amman en route to Tunis, spoke of signs that Israel could deal directly with the PLO.

"There have been unofficial informal contacts with PLO people, so maybe this will be a prelude to having official contacts," he said. But in Jerusalem, Prime Minister

talk to the PLO.

ing winds of 160 kilometers an hour ' brought into ports. Yitzhak Rabin said the resignation The Meteorological Agency said rain-related traffic and other acci-

on Monday that the storm, desig-dents in South Korea over the TOKYO — A typhoon bore nated Typhoon Robin, was expect-down Monday on Japan's main ed to bring up to 50 centimeters (20 southern island of Kyushu, where torrential rain has triggered wide-spread floods and much sides.

Officials have already morning in Kyushu and nearby Shikoku Issued floods and much sides.

Officials have already morning in Kyushu and nearby Shikoku Issued floods and much sides.

Officials have already reported In South Korea, storm warnings
45 persons killed because of the were posted and more than 50,000 storm, which at its center is carry- ships and fishing vessels were

weekend, when up to 15 inches of The National Weather Service

said the main force of the storm was not expected to strike the Ko-rean Peninsula, but would pass at sea to the east sometime Tuesday. Southern coastal areas could expectup to 12 inches of rain, it said.

(Reuters, AP)

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BOOKS

TRAIT OF A MARRIAGE: The Lives of Willem and Elaine de Kooning

HarperCollins.

N 1936, Elaine Fried, an art 1 student not yet 20, described by Lee Hall as "gregarious, ebullient, flirtatious, talented and beautiful" met Willem de Kooning, a respected but struggling painter in New York's downtown Bohemia. He was "amiable but solitary, slow and deliberate in his work, and often gloomy." In 1943 they married.

Despite vicissitudes of infidelity. long separation, debauchery, rival-ry and fame, they remained married for 50 years. As her title suggests. Lee Hall sees their lives as a soap opera — one dramatic episode after another with countless "intimates" in the supporting cast who are always willing to tell all. All, that is, except why anyone should be interested in Elaine and Bill, since any village can boast its profligates and nonconformists.

Hall does repeat at regular intervals that the couple worked hard absorbed in their nocturnal comings and goings that she scarcely finds space to sketch de Kooning's ascent as a world-renowned painter after World War II. Nor does she shed light on why his wife, who participated energetically in the art world, both on its antic and serious levels, became a respected art writer and later a painter well enough known to win a commission to do a portrait of President John F. Ken-

From the many interviews Hall conducted (in which she always seems to be asking the wrong questions) she gleans fulsome remarks on de Kooning's "genius," always with a "but" added, and his wife's "vitality," "competitiveness" and manipulative character. Demeaning remarks, most often made by unidentified secondary survivors of the Abstract Expressionist milieu, abound.

Unavoidably, there are references to other significant figures of the period. In these, Hall reveals an appalling indifference to art his-torical accuracy, in her brief references to Arshile Gorky, who was a significant friend of de Kooning, she gets it all wrong despite the fact that de Kooning himself is on re-cord as having had an infinite respect both for Gorky's talent and

Hall describes Gorky as unsophisticated "and interested in little outside his own work." Gorky's interests were, on the contrary, very broad. He read poetry, studied the history of his art and knew people in every cultural profession. He was hardly unsophisticated. Morening and other artists to museums. they were eager to hear his brilliant,

Reviewed by Dore Ashton to be merely the work, talk, and Abstract Expressionism. Even as the lively couple made their way among the studios and parties and meeting places of the pre-World War II world, the would-be dukes and earls, the knights-errant, the in-waiting were assembling. As of convenience, and social pacts."

On the same page the author quotes a "survivor" of the era calling the couple "smart cookies, smart operators" and, a few pages ty. Elaine invited everyone she met

Early in the book, Hall establish-By Lee Hall. 340 pages. \$25. es her TV scenario and everything that follows is based on it:

> social activities of artists eventually coalesced to form the kingdom of court jesters, magicians, and ladiesthey displayed their costumes and manners, their wares and talents, Elaine and Bill looked them over and formed friendships, alliances

What seemed to Elaine and Bill

later, in her usual debased diction. Hall writes: "Whether missionary. proselytizer, or pamphleteer, or the art world's version of the beckoning and welcoming Statue of Liberonto the shores of art. For her, the world would be perfect if everyone

ELAINE AND BILL, POR. over, when he shepherded de Koo- became an artist, albeit subject to the king, Willem de Kooning. So it seems that all it took for de

> world was a clever publicity campaign, managed by his doting wife. egregious distortions occur when she discusses the role of serious writers such as Harold Rosenberg and Thomas B. Hess. who have al ignorance of the period, and her

bedtime in favor of the king. Despite the cozy first-name tone. the book is riddled with misquota- ic, wrote this for The Washington

enumerate them, but they can be Kooning to become one of the most the bar to which artists of the Abesteemed painters in the Western stract Expressionist era repaired

walk-on appearances as courtiers, or Elaine's lovers, influenced at

WHAT THEY BE READING

tions and errors. It is pointless to Post.

gauged by one recurrent detail: Throughout the text, Hall refers to which was called on its signboard "The Cedar Tavern," as "The Ce-Such arch derogation is usual in this kind of book, but Hall carries it who could have told her that everyto astonishing lengths. Her most one referred to this hangout as "The Cedar" or sometimes, as "The Cedar Bar." This small detail speaks volumes about Hall's gener-

> inability to get things right. Dore Ashton, a historian and crit-

• Joseph Laitin, who has been a spokesman for the Pentagon and the U.S. Treasury - and a former Hollywood correspondent — is reading "Marlene Dietrich," by her daughter, Maria Riva. "A sensitive, touching, no-holds-

barred account which is far better than anything that has been written about Mariene Dietrich by anyone, including me."

(Lawrence Malkin, IHT)

CHESS

FRENCH DEFENSE

By Robert Byrne

N the Schweizerishcher Kredit Anstalt-Mephisto International Tournament held in Munich, first place was taken by Latvian Alexei Shirov with an 8-3 score. He played against Robert Hübner of Germany in Round 9.

The Rubinstein System in the French Defense with 3...de gives up Black's toehold in the center to open the game for a leveling exchange of pieces. White controls more space, but if Black can get enough pieces off the board, that would be of minimum value. In the particular form with 4 Ne4 Bd7 5 N13 Bc6. Black is already looking forward to the Caro Kann-like 10...Bf3 11 Qf3 c6, which braces the center against a breakthrough with

Hübner did not want to await h5 Nh4

sail in with 17 Qe3 Bd6 18 Ne4!. kily with 28 Qf3 Rg4. sacrificing took for bishop after



White's activity is thus limited in 25 Kf3) 23 g3 Kf7 24 gh Qf4, his the center, so Shirov aimed for a king became the one vulnerable to kingside attack with 14 h4!? attack. First he inhibited...e5 by 25 Rel and after 25... Rg8 26 Kfl Rae8 events passively, but invited tacti- 27 Qe3 Qh4, he got his king away cal complications with 15...Ng6 16 from the threatened wing with 28 Ke2 Qh5 29 Kd2, giving up a sec-This gave Shirov the chance to ond pawn rather than struggle ris-

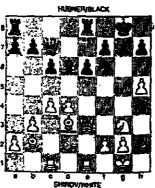
Although Shirov wanted to ex-18...Bi4 but breaking up the black change queens, he wasn't willing to king position with 19 Ni6 gf and do it with 31 Qg5?!. which would forcing Hübner to trop his own improve the black pawn position after 20 Qe4! IS 21 Qe2.

After 21...Bcl 22 Rcl 16 (22...Qf4 Qg2 33 Qf3 Qf3 34 Bf3. he was 23 g3 Nf3 24 Ke2 Qd2 is refuted by

bishop-pair versus Hübner's rookplus-two pawns in the endgame. The effect of 35...h5 would have been to tie the black pieces to the defense of the h pawn after the white king plays 36 Kf2 and threatcus to reach h4. After 38 a5!, 38...a6 would not

have stopped Shirov from arranging a decisive breakthrough with 39 b4 followed quickly by b5! On the other hand, Hübner's choice, 38...Kd7, let Shirov break through with 39 d5!, and once the bishops got loose on an open board, the defense was doomed.

After 51 KeS, 51...a4? would have dropped a pawn to 51 Be7 and 51...Re8 52 Be6 would only have smoothed the way for Shirov's passed í pawn. Húbner gave up.



Position after 17 ... Bdf

At Pentagon, Maneuvers for Powell Job

By Michael R. Gordon and Eric Schmitt New York Times Service

WASHINGTON — On Tuesday night, President Bill Clinton will be the host for an unusual soirce at the White House: The guests will be his 16 top military command-

For a handful of these admirals and generals, the occasion will test all their political and diplomatic skills. After dodging danger in Vietnam, logging long hours to make their superiors look good and maneuvering to reach the military's top echelons, they have emerged as the leading candidates to be the next chairman of the Joint Chiefs of Staff. As General Colin L. Powell prepares to retire as chairman Sept. 30, the jockeying to succeed him has become one of the armed forces' chief preoccupations, and among the hottest topics of gossip in Washington.

For each president, the selection of a chairman of the Joint Chiefs has

been based on a mix of

résumé and instinct.

The decision is as important to Mr. Clinton

25 it is to the Pentagon. Besides advising the

president on the use of military force while presiding over the shrinking armed forces, the new chairman must help ease the strains between a uniformed rank and file that still does not completely trust its commander in chief or his avoiding the draft in the Vietnam

Les Aspin, the secretary of defense, and W. Anthony Lake, the national security adviser, have already started winnowing the candidates. Mr. Clinton is expected to interview two or three of them before making his choice

The race is beginning to shake out. Pentagon officials said some of the early frontrunners, like Admiral Paul David Miller, commander of U.S. forces in the Atlantic, have dropped from serious consideration. But a dark horse, General Joseph P. Hoar of the Marine Corps, General H. Norman Schwarzkopf's successor as commander of the U.S. Central Command, may be leading

For each president, the selection of a chair-man of the Joint Chiefs has been based on a mix of resume and instinct. President Ronald Reagan selected Admiral William I. Crowe Jr., then the head of the Pacific Command after meeting the admiral in Hawaii and striking up a good personal rapport.

President George Bush selected General Powell over General Robert Herres, the vice chairman of the Joint Chiefs of Staff, based on Defense Secretary Dick Cheney's recom-mendation and the general's White House experience as a national security adviser.

Admirals or army generals have filled the chairman's job for 11 years, so if tradition is a guide, an air force officer should get it. But the administration has said it would not be bound by history, throwing open the field

By all accounts, General Powell's departure means there is a large role to fill. During his term, he was in most instances a conservative figure. He resisted military intervention in Bosnia, opposed a major restructuring of the armed forces' roles and missions and argued against accepting openly gay soldiers. He also developed enormous credibility with the public, played a major role in shaping national security policy and was as good a politician as he was a soldier.

While none of General Powell's potential successors is as renowned, Mr. Clinton will need a chairman who can project his sense of trustworthiness and authority.

Early handicapping puts General Hoar among the front-runners. As commander of the Central Command, he has experience in joint operations. His post makes him responsible for military operations in Somalia and Iraq, where the Clinton administration began its first combat experience. The job as chairman of the Joint Chiefs has a diplomatic dimension, too, as it demands shoring up American ties in the Middle East and South-

Tall and articulate but not one to seek the spotlight, General Hoar handles himself well in public, "He looks the part," a Pentagon official said. No Marine has ever served as chairman of

the Joint Chiefs. But that may be an advantage for the administration, as it would allow the White House to break ground.

Admiral Charles R. Larson is another top contender. As head of the Pacific Command. which stretches from the West Coast of the United States to the east coast of Africa, with 45 countries in between, he has polished his diplomatic skills.

Mr. Clinton met with the Admiral Larson in Hawaii, and the two even squeezed in a

The main air force candidate is General Merrill A. (Tony) McPeak, the air force chief of staff. A flinty, rail-thin former fighter pilot who served in the crack Thunderbird demonstration team as a young officer, he has met some criticism in restructuring the air force. His air force credentials are an advantage in an age in which gunboat diplomacy has been replaced by air strikes.

The lone army candidate is General John Shahkashvili, the Polish-born commander of the North Atlantic Treaty Organization who is overseeing the planning of air strikes in

General Shalikashvili has a sophisticated grasp of the European scene and layors expanded military contacts with Russia and other members of the former Warsaw Pact. But picking him would remove him from a critical post at a time of turbulence in Eu-

U.S. Vows Pursuit of Somali Killers of 4

Compiled by Our Staff From Disputches WASHINGTON - The chairman of the Joint Chiefs of Staff said Monday that American military forces would pursue those re-

sponsible for the deaths of four U.S. servicemen in the Somali capital, Mogadishu.
"Obviously we are interested in going after
any of those responsible for the incident if we can find out who they are," General Colin L-Powell said. The four American soldiers, part of a Unit-

ed Nations force in Somalia, were killed Sunday when a land mine blasted apart their General Powell said that there was no new U.S. policy in Somalia but that "we will have to undertake more security operations." Several dozen armored personnel carriers arrived in Mogadishn on Monday to bolster UN ground forces. The UN military spokes-

man in Somalia, Major David Stockwell, said

the vehicles would make the multinational

force more mobile on the ground in the face of hit-and-run attacks by Somali gummen.

"As we have seen in the recent days," he said, "road travel in Mogadishu has become hazardous. Attacks have taken new dimensions, and we have to deal with that."

The UN has been criticized for patrolling Mogadishu mostly by helicopter and relying too much on American firepower from the air, risking civilian casualties and leaving gunnen free to room the streets.

A faction loyal to General Mohammed Farrah Aidid, the lugitive warlord who has been blamed by the UN special envoy. Jonathan T. Howe, for recent "terrorist attacks, denied responsibility for the U.S. deaths. A statement released in Nairobi by Gener-

al Aidid's Somali National Alliance, warned that retailistory action by U.S. forces compped with "the latest weaponry for mass massacres" would plunge Somalia into "full." scale war."
We are sorry for what happened," said a spokesman for General Addic in Mogadishm. This action is not by us. It is by people who heat are opposed to stability and want to wisten,

differences between us and the United Na-

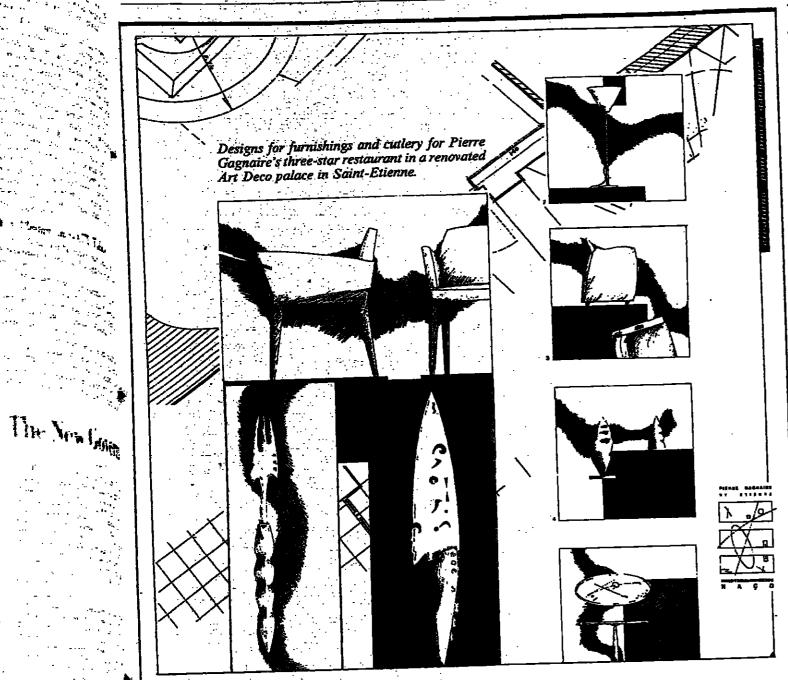
Only about 4,000 U.S. troops remain in Somalia, down from approximately 22,000 carrier this year, but they have been the target of snipers and drive-by shootings since the United Nations took control of the operation

in May. Sunday's deaths and the other attacks have prompted calls in some quarters to end the mine-month-old U.S. involvement in Somalia. where the UN command has about 20,000

more the ON Command has about troops protecting relief supplies. The White House press secretary, Dec Dec Myers, traveling with President Bill Cinton in West Virginia on Monday, said however that no such plans were mannent.

Relief workers say the guerrilla warfare has virtually halted the humanitarian relief work that the UN force was sent to protect. Most and workers have left Mogadisho, and the few remaining are holed up in their heavily forti-

(Reuters, AP)



Blending Decor and Cuisine

By Christopher Petkanas

AINT-ETTENNE, France - It is all very nice to be on the cutting edge of late 20th-century design, tweaking the snoozing public in the country's grim industrial heartland with polished stucco frescoes crawling with insects and monumental sliding doors of shattered glass. But there is a price.

Determined to find out for herself that a bristling, wildly colored chandelier was really made of hand-blown glass, a recent customer at Pierre Gagnaire's three-star restaurant here 65 kilometers (40 miles) southwest of Lyon stroked one of its squiggly-tailed ele-ments a bit too enthusiastically. It snapped

That is perhaps not the worst of it. The 43-year-old chef and his impassioned architects.

Alain Renk, 32, and Marcelo Jonlia-Lagares. 34, of Studio Naço in Paris, say killed themselves bringing to fruition their white elephant of an Art Deco palace, built in 1932 by a pharmacist credited with inventing

a miraculously beneficial liquor. A bold and uncompromising essay in postmodernism, with fragrant references to the work of the Memphis group Ettore Sottsass founded in Milan in 1981, Gagnaire's eponymous establishment blasts away accepted notions of what a top-graded French restaurant

should look and feel like. Yet for his more than \$1.1 million spread over 1,000 square meters, he is often rewarded with rather well-padded provincial clients who know their way around an encyclopedic wine card but, alas, just don't look the part. Short sleeves, sandals with socks simply don't make it in this peppery, high octane, wilfully

Restaurant design is a crowded business in France these days and too lucrative for even residential decorators to snub. In Paris, Jacques Grange did l'Avenne, Bernard Pacaud chose François-Joseph Graf for l'Ambroisie, and Joel Robuchon brought over Nina Campbell from London for his Relais du Parc. Campbell has positioned herself as the latter-day Elsie de Wolfe and, what is more, has everyone believing it.

Everywhere your glance happens to settle chez Gagnaire, from rippling plates framing the light switches to the glass and mahogany

STYLE MAKERS

New York Times Service

high classmates in Brooklyn to help

the family make ends meet. She

would be hobnobbing with heads

In 1944, at the age of 24, she

married Edward Marshall Boehm,

a special member of an animal husbandry unit of the U.S. Air Force

who had a gift for creating animal

RENTON, New Jersey

As the sixth of seven chil-

dren of Italian immigrant parents, Helen Franzolin

sewed dresses for her junior

agined that someday she

Porcelain Star

of state and royalty.

figures from clay.

AN ARTIST'S PROMOTER

bins for soiled towels in the bathrooms, there

is evidence of the designers.

The chef naively assumed he would have a big sign outside with his name on it until Renk, who is French, and Joulia-Lagares, who is Argentine, put him straight. "You're offering Saint-Etienne a work of art with this place," they told him. "Forget the sign."

Clients find the restaurant pure and restful or hare and aggressive, but no one disputes that it has been custom-designed—five different door handles, 40 light fixtness—to within an inch of its life.

The French food and design world has had its eyes trained hungrily on Gagnaire the andacious cross-cultural culinary wizard (i.e. lobster tempura crisped in clarified butter) since Michelin bumped him up from two to

three stars in February.

This is, of course, the guide's ultimate rating, which leads to high-paying consultancy contracts and frozen foods with your picture on the package. Currently only 19 chefs have it. One of them is Bernard Loiseau, who has had the candor to admit that earth-shaking cooking alone will not bring a chef his third so-called macaroon: "You have to have magnificent decor, magnificent flower arrange-

With this in mind, Gagnaire ascension is read on several levels. Many see it as a longawaited signal that the conservative, uptight old Michelin is finally willing to acknowledge something other than the traditional if rather ho-hum, vulgar brand of luxury that Loiseau installed at his Côte d'Or in Saulieu in Burgundy. For its part, the guide has said that there is, indeed, such a thing as a chef spending too much money. This certainty comes as a surprise to those craning for its recognition.

Pierre's restaurant is like a film or book that unwinds in sequences or chapters," says Renk "Superficially the spaces are quite easy to understand. Ivory walls, panels of color that is the rapid first impression. Then little by little the details become apparent: a glass gem set in a cast ahuminum door handle. wood-rimmed portholes looking into the kitchen. You can eat four or five times here and each time still discover something new. While the work was going on Pierre would ask us to taste new dishes he was developing. and we would show him new designs for tables, lamps, soap dishes, whatever. There was this constant game between us to go further and further.

The principals of Naço, which means intuition in Guarani, an Indian dialect of northern Argentina) did not hesitate to enlist the collaboration of artists and craftsmen. They include the designer of the French pavilion at Seville's Universal Exposition, François Seigneur, who "sculpted" a cube out of the restaurant's cream-colored facade by painting the central entryway white; Guillaume Saalbourg, who did the heroic glass doors; and François Banchet, who contributed the massive and uncomfortable looking red bench, in the reception area. An American, Scott Slagermann, did the glass chandelier and giddy torchlike wall lights following

Next for Renk and Joulia-Lagares is the Odeon on London's Shaftesbury Avenue, where Bruno Loubet will be hanging his to-

A lot has been made of how uncannily Gagnaire's cooking and Naço's stage set for it knit together. When dessert rolls around the y complementary and mutually flattering. Saffron-scented cubes of melon are the unsteady foundation for a layered tower of baba, crème patissière, a flat almondless tuile, and thubarb marmelade. Licorice ice cream comes poised on a blistered puddle that turns out to be Italian meringue flashed with fire.

"If the atmosphere Marcelo and Alain have created is not a reflection of my cuisine, it is at the very least the extension or translation of my desire to describe a universe that is my own," says Gagnaire. As for the much ballyhooed third star, "Theoretically, the decor has nothing to do with it. The Michelin people aren't crazy you know. These are hard times. More than ever they are judging a man by his work. More than ever they are looking for cooking that expresses a personal style, something strong, real."

As concerns the decor, maybe too strong. Some customers reproach the fact that there are so few paintings and green plants," says maître d' Claude Dupont, who thinks a more classic setting would have warred with Gag-naire's food. "Some people just don't under-stand a blank ivory wall."

Christopher Petkanas is writing a history of the New York decorating firm Parish-Hadley, and a book on the culture of cuisine in Pro-

Blowing Kisses on Couture Circuit

By Alex Witchel You York Times Service

ONDON - Blowing kisses is an underrated art form. It takes a master to do it properly. which is totally straight. You can't mock the kiss, you can't mock the recipient, you certainly can't mock ourself. You must put your heart and soul into it, be overcome with the sheer delight of happening upon the object of your affection.

just out of reach.

This is how it is when Tomasz. Starzewski sweeps into lunch at Bice, a newly opened branch of the Italian restaurant. Sweeping is yet another art form, but it's not Starzewski's. He sweeps small, in the background, allowing the woman he accompanies the big sweep, a method that works best in clothes he has designed. If she is not wearing his clothes and is not much of a sweeper herself, well, that's paradisc lost for you

Today, Starzewski lights a Dunhill menthol and surveys the room. "Lovely to see you!" he calls to a woman at a nearby table, and indeed, his face is alight with joy. He has never been happier to see anyone - until he sees the next table.

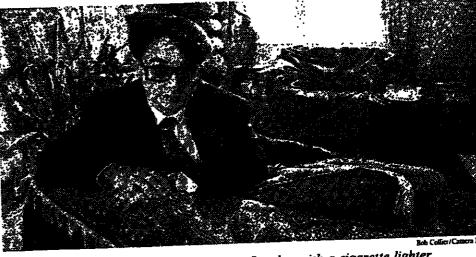
"Look around the room," he whispers excitedly. "That table is Harper's Bazaar. That one is Cartier, the other is Gucci." He turns, breathless, for the finale. "And

Actually, it's sort of sweet that Starzewski is still so excited by the whirl of society ladies, celebrity ladies and royal ladies who come to his conture house, seeking out his brightly colored, highly theatrical evening wear. At 32, he is one of only a handful of conturiers in London, among the youngest, and

E reaches beyond tightly circumscribed London society to a larger more international set for his clientele. And while most couture evening gowns start at \$15,000, his are in the \$5,000 range. The husbands just love him.

And Starzewski loves his customer. Nay, he dotes upon her. He is the fleetest summoner of waiters. the fastest draw in the West End with a cigarette lighter. When he meets a woman he is instantly agog; his only desire, as he says repeatedly, is to make her look good. And they love it.

Seeing Tomasz is a whole event," one customer says. "You have coffee, he tells you the latest sip, he makes you feel special. gossip, he makes you are special. He really loves women and knows royal family to discuss you.



Tomasz Starzewski is the fastest draw in London with a cigarette lighter.

how the clothes can accentuate what's unflattering. He makes you feel beautiful."

innovator. I'm not going to change what fashion is about. My collection is formal, known for fun and color. We are interested in making a statement. I probably cater to not right for her now to be seen quite a confident woman who doesn't want to hide."

Indeed, there are bubble-gumpink satin evening coats, lavender done her whole spring and summer ackets with bell sleeves, gowns of merald velvet striped with mint silk, handbeaded dresses studded with pearls. Black is not much in evidence. "As you get older, the more color the better," Starzewski advises. "It's kinder. Much, much kinder. If a woman wants something dark I always suggest navy or chocolate brown, which are much softer. Black can be cruel."

A recent article in Tatler magazine proclaimed Starzewski's clothes "the sexy side of dowdy." vulgar," he says. "I believe in mys-

especially the very rich who will not allow him to mention their names - publicity is so common - and some of them, he says, will selfishly lie when asked who does their clothes. "Women are very funny as customers," he sighs. "Some will keep you a secret." Like the Princess of Wales. Well,

actually she doesn't keep the secret, his clothes everyone knows it, but
Starzewski keeps mum. "No one discusses the royal famity," he says
sombody "1's in a possible of the says."

"My customer is a traveling customer," he says. "I have to think not only about London, but the somberly. "It is a privilege of the

their pretty parts while masking merits a little less privilege since her separation from Prince Andrew. Formerly a customer of Star-Starzewski says: "i am not an zewski's, she hasn't been around lately. "She's not really shopping right now," he says delicately.
"She's still wearing my clothes, which I think is nice, but it's just

> Ivana Trump has no such restraints; Starzewski says, "I've wardrobe." She found the designer through Shakira Caine, Michael Caine's wife. Annie Lennox is also a customer. "She walked in off the street." he says. And here's a pair of customers who give credence to Starzewski's claim that if he weren't a designer he'd be a therapist: Cosima von Bulow and Robert Maxwell's daughter Ghislaine. He calls both "dear friends," not to

mention his other dear friend,

Stephanie Powers: "I just did her

wedding in Kenya to a lovely He shrugs. "My clothes are not Frenchman. They both play polo." EDDINGS are a specialty of Starzewski's. So do many of his customers, He made quite a splash a few years back with Victoria Lockwood's sa-

> ried Viscount Althorp, the Princess of Wales's brother.
> "I have a list of 2,000 customers with a core of 150," Starzewski says. His couture and ready-towear grossed £1 million (about \$1.5

million) last year. south of France, the Vienna balls, Strasbourg, Palm Beach. And peo-

The Duchess of York, it seems, ple are more economical now. A suit can't be worn just once anymore. But the British by nature

have never been like that So, what are they like? If a woman newly arrived in London came to his door, what would she need? "A basic dinner suit," he says, "a" dinner dress, and one long dress you could wear to a ball or a very smart dinner. There are very few. balls here. We don't have a charity: circuit like in the States. It's very private in England, how people

dress up." "You need to have a couple of day suits," he continues, "for lunch" at Caprice, christenings, charity lunches, racing, weddings. Then you'd need a smart jacket for week end house parties, a dinner dress and dinner suit. A tux for first nights at the theater or for dinner: parties. And if you're going to Asis col, which is three days, you'll need three different outfits, two suitsand a dress and a different hat each day. Gowns are for private dances. which are invariably held outside London. There were three big oneslast week — one in Paris, which h did six dresses for.

"You see," he says, "I feel fash-ti ion is a service very easily misinter-n preted as an art form. Some design-c ers are true artists. A genius is St. ble-trimmed gown when she mar-Laurent, changing how women. wear clothes. I'm not that, I justlike women to look good. As a business, I find fashion to be very fickle and not particularly nice. The garment industry is actually

Belize (PTT pay phones)

terrilying."

The Gucci table waves goodbyel So does Starzewski, settling backs. with a contented sigh. "I think I'm really quite lucky to have the gen-t. tlemanly side in fashion.

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Boehm went on to create porcelains from his Trenton studios that are exhibited at sites like the Metropolitan Museum of Art, the White House and the Hermitage in Russia. The Varican Museums recently commissioned the Boehm studio to reproduce in porcelain two frescoes from the Sistine Chapel by Michelangelo. Today, Helen Boehm, whose

sband died in 1969, is chairwoman of the Boehm Porcelain Studios

Q. It's been said that you made your late husband a star. How accorate is that?

A. Mr. Boehm was a ster in his own right, of course, but he was a very, very shy man. He was truly most at home with the animals he loved, and he bated interviews. So I had to do a lot of the talking for him. I think we were a wonderful team: the shy artist and his aggres-

sive salesperson wife. Together, we made a whole O. How did your husband get his

artistic start? A. After the war, he was working as an assistant to a veterinarian on Long Island, where we lived, and studio in America. spending his nights making clay models of dogs and horses and birds. Our entire apartment was alptures. But I filled with those sca hated watching Ed turn to art, his real passion, after he was exhausted

from working all day. One night early in our marriage I sat down with him at our kitchen table and begged him to get serious about his art. After that, he began studying and going to museums, and I think we both knew then that our fature would be in his art.

Q. What happened then?
A. Ed had started going to Trenton on the train on Saturdays to research the ancient way of handling clay. And one day he actually found what he was looking for his own formula for hard-paste on two mute swans, and it was the porcelain that combined several most difficult project we'd ever at-

clays and gave him the transhicence he wanted. I was still working at an optical shop in Fifth Avenue. Some of our clients were very prominent, and I knew that what Ed needed was a backer.

Q. How did you find one? We had a very rich client at the optical shop, who would always ask me about Ed on his visits. One day, I just got up the courage and asked him whether he'd be willing to finance Ed and help him establish the only hard-paste porcelain

Q. How did your late husband's works first get to the White House?
A. I wrote to Mrs. Dwight Eisenhower in 1954 about our operation. and got a letter from the White House two weeks later with three cents postage due. I paid the three cents, and opened a letter inviting me to lunch at the White House. When I arrived, I presented a Hereford bull to the Eisenhowers.

Q. When your husband died in 1969 of a heart attack, some felt the company was so dependent on his talent that it could not survive without him. How did it continue? A. There was an amazing omen right away. We were commissioned by President Nixon to create a new - symbol of world peace. We decided

tempted. It took two years and 10 tons of plaster to make, and when the piece was finally finished, we learned that President Nixon was taking the mute swans as his gift to the people of China on his 1972 trip. I felt validated, and I felt stronger than I ever had in my life. Q. You could easily retire. Why

don't you? A. I think energy is the gift I was born with. People energize me. Life energizes me. And so does beauty. admit that I sometimes overdo things, but I live by this philosophy: "If you rest, you rust."

Sally Friedman

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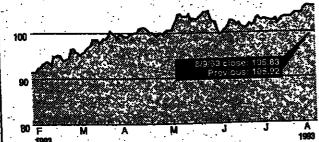
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Continued on Page 12

International Herald Tribune World Stock Index C, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Beiglum, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zeeland, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked. Europo N. America

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index, a booldet is available free of charge by writing to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neully Cedex, France.

U.S. investors love

the grass on the other

INTERNATIONAL STOCKS

Experts Wave Caution Flag In Rush to Europe Markets

By Kathryn Jones New York Times Service

EW YORK —Loosening of Europe's currency controls set the stage for rallies in some stock and bond markets, but analysts are advising Americans to make long term decisions instead of short-term bets on Europe. A strengthening dollar could offset any gains, and foreign markets

remain unpredictable. art money went to Europe earlier this year, said Justin Scott, portfolio manager of the Putnam Europe Growth Fu European stocks had an explo-

sive first quarter and another spurt recently. Still, Mr. Scott sees room for further gains. U.S. investors "just love the

grass on the other side of the side of the fence. fence," said Richard Schmidt, a money manager with Stellar Management Inc. He prefers domestic stocks, including multinationals like Motorola, Coca-Cola and AT&T, which could benefit

from a recovery in Europe. [The Angust poll of fund managers carried out by Gallup for Smith New Court found that the crisis in Europe unleashed a surge of buying in British and European stock markets as expectations of or buying in Billiam and Land, Bloomberg Business News reported.

Prind managers now expect the German discount rate to be at 5.1 percent in 12 months, down from 6.75 percent.]

Jack Brill, an independent financial planner in San Diego. advises investors eager to get in on the action in Europe to put their money in international stock funds, which provide some exposure

to Europe with less risk. The choice between stocks and bonds comes down to recent performance, said Kevin McCarey, a portfolio manager at Fidelity investments who works with European institutional money. Bond prices in Europe have been using for two years, while equity markets have been going up for six to mine months, indicating stocks are poised to do better, he concluded.

The biggest reflice cines less fell have been in stock and hand

The biggest railies since last fall have been in stock and bond markets in Britain and Italy, which pulled out of the exchange-rate mechanism last year. Most funds have the largest chunk of their assets in Britain, followed by France, Switzerland and Germany. Some fund managers predict assets will eventually shift to countries that could benefit most from lower rates. While noting that his Putnam fund is not making big changes, Mr. Scott said France and smaller markets like Ireland, Denmark, Portugal, the

López Says VW Staff Had Data

DARMSTADT, Germany — José Ignacio López de Atriortua, the Volkswagen purchasing manager, has told German prosecutors that some General Motors Corp. documents might have been in possession of former GM-employees when they joined VW, the prose-

emproyees when they journed and monday.
"We haven't fully evaluated his statements yes," said Georg Nanth, spokesman for the yet, said Georg Patitit, spokeshald for the prosecutors' office in Darmstadt. "They were only delivered to our office late Friday night, long after office hours. But they do indeed concede that some GM/Opel documents night have been in the possession of some former GM employees after they left the COMPANY.

Mr. Nauth declined to give further details He could not say whether Mr. López had admitted that he himself had been in possession of some GM papers. "I didn't say Lopez himself admitted having had such papers.

Mr. Nauth noted. "Neither did I say he admitted any of the documents in question might have been confidential."

However, the DPA news agency said minutes from a VW board meeting Friday quoted Mr. Lopez as saying that "on his orders in the week starting March 22, cartons he took with

him were inspected and documents which may have been linked to GM/Opel and may have contained sensitive information were destroyed.

And VW said that the destroyed documents "were, however, put together and sent by employees who even today are still working at Opel." A VW spokesman, Lutz Schilling, declined to give any more details.

Meanwhile, the German Chancellor entered the fray for the first time Monday with a call for the rival carmakers to settle their affairs in private. "If VW and General Motors talk to each other, as I believe, in a highly distasteful way, that is their business." Helmut Kohl said on German television. "But they should give fewer magazine interviews and do more to take care of business. Then things will improve."

For months, Volkswagen's management refuted allegations that any GM documents had ever come into their hands. But then, late Friday, VW admitted that former GM employees had shredded documents that may have belonged to GM.

Despite the VW admissions, analysts say that the German carmaker may emerge the long-term winner from the current battle.

Volkswagen said it had slashed losses to 355 million Deutsche marks (\$210 million) in the second quarter of this year, down from 1.25 billion DM in the first quarter, while Chairman Ferdinand Piech predicted that the company would be back in profit in the third

Volkswagen's improving balance sheet and here analysts point out that Mr. Lopez was brought in as a highly successful cost-cutter—does not seem to have been affected by the blizzard of public accusations and counter-accusations

And no matter what their fate, the missing documents, which focus on Opel's future plans in the cutthroat small car market, have now entered into the public domain. And that is not a good thing in the highly secretive world of car design.

There are only two possibilities," said Volkmar Erbach, auto-design engineer at the Center for Transport Technology near Mu-"Either the documents were as important as GM claims, and then GM/Opel must be the long-term loser, no matter who wins the legal battle. Or the documents weren't as important as GM/Opel claims, in which case they haven't really got a case."
(Bloomberg, Reuters, UPI)

airline the Western world's most profitable -

save on costs. In the last two years, BA has cut its costs by a whopping £415 million and it aims

to add another £150 million to that toll this

year. Seen in light of predictions that BA will make £270 million this year in pretax profits.

those savings have spelled the difference be-

Sir Colin is keenly aware of the risks. He first

made a name for himself as chief executive of

Avis Inc., the car-rental company, and was re-

ported to be a strong contender earlier this year

to succeed James Robinson 3d as the head of the

owner of one of the world's most meticulously

"You don't achieve change in this industry

The only way open to them to build a global

airline and to access better growth is to invest in

other markets where the growth is higher than in their home market." said James Halstead, an

polished brand names, American Express.

overnight," he said. "It is still early days."

See BA, Page 12

tween profit and loss.

of branding.

France Hazards Small Rate Cut, Franc Holds Up

By Erik Ipsen ernational Herald Tribuna

LONDON - One week after the emergency loosening of the Euro-pean currency grid. France on Monday began ever so hesitantly to try out its new freedom to reduce Permitted now to see the franc

move down as much as 15 percent from its central rate in Europe's exchange-rate mechanism, com-pared with 2.25 percent before the loosening, the French central bank shaved a quarter of a percentage point off its overnight borrowing rate, lowering it to 9.75 percent.

"I think they were testing the waters," said Brian Hilliard, an economist with Société Générale Strauss Turnbull in London.

By not losing too much ground against the Deutsche mark in quiet trading Monday - the mark rose just 0.3 percent in London, to 3.5050 francs from 3.4950 on Friday -the franc has shown a degree of durability that analysts say may allow French officials to cut rates still further. But the scenario of drastic cuts in interest rates sweeping Europe, which seemed to be the consensus forecast a week ago, now looks increasingly unlikely.
In fact, a gap has opened in recent

days between the forecasts most commonly heard in London and those on the Continent. The consensus view of Anglo-Saxon economists The danger, though, is that by linking itself ever closer to less-efficient partners, BA runs and currency experts was that France, Denmark and Belgium the risk of not only diluting its own gains but would be quick to seize the advanerucially of confusing its very identity in the tage of the wider fluctuation allowed minds of the consumer. Even Sir Colin conto their currencies and let interest cedes that the use of partnership equipment and crews "certainly does raise the whole issue rates drop to revive their economies.

"It is silly to go through all the pain and the loss of a great deal of credibility and then not to take advantage of the situation by lowering interest rates," said Steve Barrow, a currency economist at Chemical Bank in London.

But the European currency grid that was so widely pronounced dead, or nearly so, in London and New York seems, for the moment at least, very much alive in Europe. "The idea that we went to wider bands in order to cut interest rates is just something put out by the English and Americans," insisted a

U.K. Stocks Set Record, Milan Rises

LONDON - Britain's stock market ended at another record high Monday on con-tinued hope of interest-rate reductions across Europe as well as favorable British economic trends and expectations of stronger corporate earnings. At the close, the Financial

Times-Stock Exchange 100-share index was 16.60 points higher at 2986.40, eclipsing the previous record set Friday. Turnover was moderate, with 523.9 million shares traded. Italian stocks, meanwhile, closed at their high for the year, with the MIB index ris-

ing 19 points to 1,300. Italcable Sp.A shares were actively bought because of government plans to merge the company with the telephone operating company SIP, brokers said. Fiat and Olivetti

were also strong. In Paris, the CAC-40 index of French stocks fell 11.31 points to close at 2,138.52. Dealers said the market was seeing light profit-taking after last week's move to historic highs. But they said foreign investors appeared still to be bullish on the French market. and several sectors saw gains. (Reuters, Knight-Ridder)

French economist. "We went to wider bands to keep the exchangerate mechanism alive in the face of intense currency speculation.

The view on the Continent is that the dream of European unity is far from dead, and more importantly. is worth continued nurturing

See FRANC, Page 10

BA: Will a Minority-Stake Empire Jell? can do more of what has already made his

LONDON - You are flying from London to Pittsburgh. The plane, the crew and even the gate wear the navy blue and scarlet livery of British Airways, yet the accents of your pilot and crew and even their style seem more Lincoln, Nebraska, than London.

In fact, both the plane and the crew are on lease to BA from its partner USAir. Welcome to the pioneering and oftentimes culturally confusing world of global airlines BA style.
Having splashed out £619 million (\$929 mil-

ion) in the past year buying everything from minority stakes in USAir and Qantas to regional carriers in Russia, Germany, France and Britain, BA's chairman Sir Colin Marshall now faces the daunting task of making sense of it all, perhaps as early as Tuesday, when BA will announce its half-year results. "It is a bold experiment in which they are treading on entirely new ground," said Paolo Pezzini, an airline consultant with SRI Interna-tional. He likens it to the titanic efforts decades

ago to set up such peculiarly multinational concerns as Royal Dutch/Shell and Unilever. For Sir Colin, the mandate is to wrench from his newly acquired welter of global alliances that elusive concept he calls synergy. To do that he must stitch BA's fledgling global alliance close enough together not simply to share costs of such things as new booking systems, but to actually share planes, crews and conocivably even an identity.

NEW YORK — Yields on

30-year U.S. Treasury bonds

were pushed to record lows and

stocks were at all-time highs

Monday, rallying after the pas-

sage of President Bill Clinton's

deficit-reduction plan on Fri-

day night.
The budget plan and Mr.

Clinton's efforts to reform the

American health-care system

would lead to tax increases, lim-

it economic growth and depress inflation, traders and analysts

said. Such an environment

makes long-term bonds a fa-

vored investment, and because

Mr. Clinton had already decid-

ed to limit the government's borrowing through 30-year is-sues, that maturity also has

The 30-year Treasury issue closed at 108 21/32 on Mon-

day, up 21/32 on the day. At

that price, the yield was 6.46

percent, the lowest since the

government began regularly selling 30-year issues in 1977

and down from 6.53 percent on

Enthusiasm spilled over into

the stock market, where the

Dow Jones industrial average

scarcity value.

U.S. Stocks at a High

As Bond Yields Fall

Our Staff From Dispatches economic growth is bad news

for corporate profits, investors

are being drawn to stocks as bond yields decline. Addition-

ally, the low-interest-rate envi-

ronment means corporations

can reduce their borrowing

Many professionals said the

bond rally that began with Mr. Clinton's election in November

may have run its course and that

the Monday advance was exag-

level, "it gets a lot more difficult to sustain" low interest rates,

said John Wilbourn, a trader at

Morgan Keegan & Co. "No one

wants to be the last one holding

the bag. That takes away those

who would make speculative

Matthew Alexy, an econo-

mist at First Boston Corp., said

short-covering was a factor in the gains. Some market partici-

pants set up short positions late

ast week in hope of making big profits if the deficit-reduction

package failed to pass, he said,

and many with short positions

were forced to cover as the mar-

The Treasury is to sell a re-cord \$38.5 billion in securities

at its quarterly refinancing auc-

See STOCKS, Page 10

Aug. 9

ket headed higher.

At the bond market's current

gerated by technical factors.

Making the task harder is that both Qantas and USAir are large, established airlines with their own culture, tradition, style and service. While BA is by far the heavyweight, hyperefficient anchor of its global alliance, its ability to influence its partners is circumscribed.

At the end of the day, BA's roughly 25 percent stake in both Qantas and USAir legally entitles it to do little more than make polite uggestions at board meetings.

Nonetheless Sir Colin is absolutely determined to make of his minority stakes a single global player. While he dismisses as "silly in-

Lufthansa may be getting left behind as major airlines scramble for partners. Page 11.

deed" the notion that BA, Qantas and USAir would ever abandon their well-known names, he does envision a time when "we can link another word with the established brand names, and over time we can move the liveries closer together."

Just as General Motors sells Opels. Vaux-halls, Buicks and more, Sir Colin sees his global group moving in a similar direction. He even concedes the ultimate corporate apostasy; he is not at all sure that he will ultimately choose British Airways as the umbrella name.

It is all a very dangerous game. By using the idle planes and crews of his partners, Sir Colin

Winners and Losers in New U.S. Tax Bill

By Floyd Norris New York Times Service

NEW YORK - The new U.S. tax measure has good news for some real estate investors. ny other investors will find bad news in it. The value of some municipal and corporate bonds may go down, but not nearly as much as if the bill had been passed a few years ago. And investing in bankrupt companies will become even more hazardous than it was before.

The most important real estate change affects investors actively involved in managing a property. They will be permitted to deduct losses from the property against ordinary in-come. Losses from other real estate invest-ments, like limited partnerships, will remain deductible only from income earned on similar investments, known as passive income.

Other real estate changes make it easier for pension funds to buy into real estate investment trusts, without jeopardizing the trusts' special tax benefits. These trusts lose tax benefits if they are more than half-owned by five or fewer investors. The old law treated a pension fund as one investor; the new measure provides that a pension fund's investments will be attributed to all its beneficiaries.

It will also be easier for pension funds to buy leveraged real estate and to form what are effectively joint ventures with financial institutions to develop foreclosed property. While President Bill Clinton emphasized that

workers in families with incomes of less than \$180,000 a year were unlikely to pay higher taxes, that is not true for many investors. A variety of measures could wind up costing them money, even if they are not making large gains.

One such change concerns the way that interest on margin accounts at brokerage houses is deducted from taxable income. The change will have the effect of making the deduction less valuable for those whose investment income consists largely of long-term capital gains. Under the new law, to use the deduction, investors will in effect have to agree to have some or all of their capital gains taxed at the higher rates that apply to ordinary income like salaries.

Those with large capital losses will also find reason to mean about the new tax measure. Such losses can generally be used to offset a maximum of \$3,000 a year of ordinary income, but can offset capital gains on a dollar-fordollar basis with no ceiling. That is not

What is changed is that the new law bars a number of strategies that have enabled investors to realize short-term capital gains with little risk. Those strategies, some of which involve complicated options transactions, effectively converted interest income on horrowed money into capital gains, said Robert Willens

of Lehman Brothers. Not any more. Provisions of the tax bill deal with so-called "market discount" bonds. These sell below par

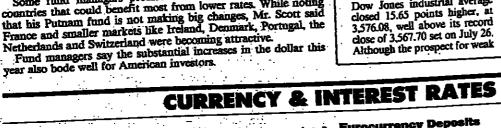
value because interest rates have risen, or perhaps because the credit quality of the issuer has declined since the bond came out. There are relatively few such bonds right now, but there are likely to be more around if interest rates

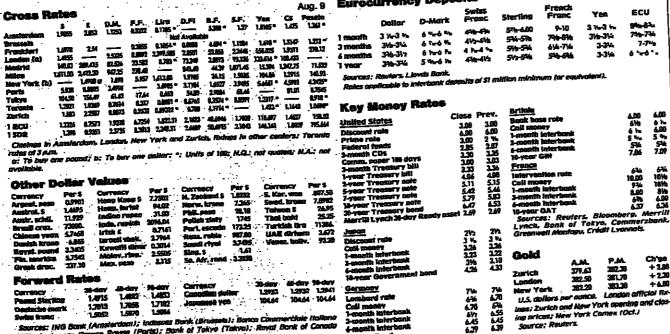
The new law such bonds, something that could depress their value. But because interest rates are at their lowest level in years, few bonds will be immediately affected.

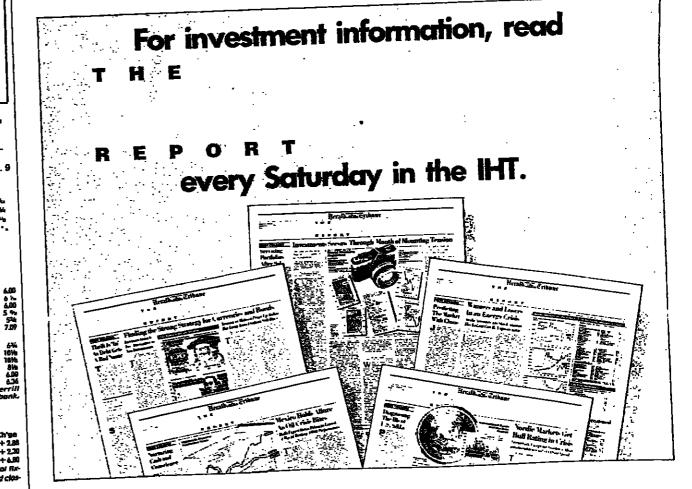
Under current law, those who buy a marketdiscount municipal bond, or any discounted corporate or Treasury bond issued before July 18, 1984, have an advantage: their profits on sale or redemption are taxed at the capital gains rate, which is typically lower than rates on ordinary income.

The new measure changes that. With bonds bought after April 30, that part of a gain attributable to amortizing a market discount will be taxed as ordinary income. This means that buyers of municipal bonds or muni-bond mutual funds may find themselves with some ordinary taxable income after sales.

Many bankrupt companies will lose what has been their most valuable asset — the tax-loss carry-forward that shelters future income. Beginning in 1995, when a lender to a bankrupt company is given stock to replace bonds or other debt, the value of the canceled debt will be taxable income for the bankrupt company.







Sep Dec Mary Jul Sep Dec Mar Mary Jul

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Standard & Poor's Indexes

EUROPEAN FUTURES

Food

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Dec 97.48 97.51 97.25 97.40
Est. volume: 55.871. Open inferest: 207.494.

Industrials

Stock Indexes

Spot Commodities

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MARKET DIARY

STOCKS: Prices at Record High

Continued from Page 9 tion this week, including \$16.5 billion of three-year notes Tuesday, \$11.0 billion of 10-year notes Wednesday and \$11.0 billion of 30year bonds Thursday. The 30-year bonds will not be sold again until

N.Y. Stocks

Rebruary, as the government switches to semiannual sales from

quarterly auctions. On the stock market, volume was high, with 232 million shares traded on the New York Stock Exchange and 207 million on the Nasdaq. Advancing shares outnumbered decliners by only about a 3-to-2

. Among smaller shares, the Nasdaq composite index was also trad-

ing in record territory. The strength in the stock market is feeding off increases in bond prices, said James Solloway, director of research at Argus Research Corp. Stocks have often taken their cue from bonds recently. because low interest rates make stock prices more attractive.

Bonds were rallying because of the real potential for deficit reduction and because the president's eco-

nomic measures do little for economic growth, Mr. Solloway said. Although many analysts had expected the budget measures to pass. and stock prices reflected that sentiment, some of the uncertainty has been removed from the economic scene, Mr. Solloway said.

Eastman Kodak was actively traded and rose 114 to 59%. Its board on Friday ousted the company's chairman and chief executive, ay Whitmore. It was searching for an outsider to replace him.

In Nasdaq trading, Amgen fell 21: to 32% after Lehman Brothers downgraded it and several other health-care issues. Also depressing drug issues was the fact that the mphasis in Washington has shifted from the budget to health care, which has investors worried again

about the stocks, analysts said. Automobile stocks made a strong showing. General Motors rose 14 to 49. Ford Motor rose % to 5214 and Chrysler climbed 1% to 43%. Gold-mining issues were strong,

following the price of gold higher. On the Commodity Exchange, October gold was quoted \$6.80 higher, at \$383.30, at the close.

[Bloomberg, Knight-Ridder, Restart 1191 4 B)

Reuters, UPI, AP)

FRANC: Paris Tries a Rate Cut

Continued from Page 9

even, many are saying, at the cost of slower growth and a continuing rise in unemployment. From the British point of view,

the pound's forced exit from the European currency grid in Septem-her 1992 quickly led to interest-rate cuts, a more competitive currency and an end to Britain's long recession, so British economists can see

Foreign Exchange

no reason why the Danes, the French and the Belgians would not

wish to follow along.
Investors in French shares agree. The French stock market has now risen by 11 percent in the last three weeks as investors anticipate better corporate earnings coming from an economy prodded out of its recessionary rut by rapid-fire cuts in the cost of borrowing.

Those cuts have already been reflected in the futures market. There, the market is indicating that the interest rate on three-month horrowings in France will stand at 5 percent by year-end, a full percentage point below the rate antici-

pated for Germany.

Too optimistic is the way Klaus Holschuh, head of fixed-income research for Commerzbank in Frankfurt, characterizes those expectations Many European economists say that French officials were taught a masty lesson in the spring that they

are cager not to revisit. tween April and June. France Between April and June. France lowered interest rates 10 times white German rates held firm. As a result. French rates actually sank below those of Germany. Europe's purative economic anchor. "I think that was one, two or three cuts too many and became the basis of the

43.90 43.00 17.20 45.00 17.20

WORLD STOCK MARKETS

recent currency crisis," Mr. Hols-

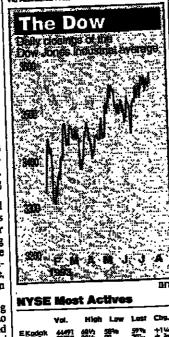
chuh said. He and many others in Europe now say that in spite of the nominal leeway afforded to France by the wider currency bands, it will be difficult for Paris to do anything other than what it did up until the spring — carefully follow German rate cuts with cuts of their own so as not to risk a collapse in the value of the franc.

The British experience of a successful dash for growth may seem irresistible in London, but it is not in Paris and other European capitals. "The British did not put in years of hard work that the French put in to build up their credibility in the markets, said J. Paul Horne, an economist with Smith Barney Shearson in Paris.

but its recession, France's investrency and a united Europe is vast. Economists point out that it has an effort to rid the nation of infla-

The dollar fell in thin European trading Monday, then recovered to stand unchanged against the mark in New York, Reuters reported.

York at 1.6980 DM, up marginally from 1.6970 on Friday. It strengthened to 104.86 yen from 104.50 yen before the weekend and to 1.5035 Swiss francs from 1.5030 francs. Sterling weakened to \$1.4908 from \$1.4075



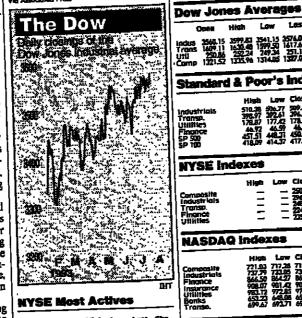
While Britain had little to lose ment in low inflation, a stable cursacrificed, among other things, hundreds of thousands of jobs in tion and lay the foundations for sound long-term growth in France

■ Dollar Slips, but Recovers

The U.S. currency closed in New

488 Grand Mel 421
374 GRE 201
374 GRE 201
375 Guinness 475
GUS A 20.11
Horson 1.24
Horson 1.25
Horson 2.46
Hillsdown 1.57
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4.207 4.468 1.245



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N.Y.S.E. Odd-Lot Trading S&P 100 Index Options

Amex Diary NASDAQ Diary

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Mar 94.86 97
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To Our Readers Dividend information was not available for this edition because of problems at the source.

U.S./AT THE CLOSE

Unisys Divides Itself into 3 New Units

BLUE BELL, Pennsylvania (Combined Dispatches) — Unisys Corp. announced Monday that it would divide its operations into three separate units and that Reto J. Braun, president and chief operating officer of the

units and that Keto J. Braun, pressurent and control operating of the computer maker, had resigned.

Two of the new units will be responsible for marketing, with one aimed solely at government customers. The third is more product-oriented, in charge of manufacturing and development, and includes a new unit responsible for networks of small computers.

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ITC Holds to Ruling on Steel Imports
WASHINGTON (Reuters) — The U.S. International Trade Commisw ADMINGTON (Remers) — The U.S. International Trace Commission rejected Monday a request by major American steelmakers to reverse a vote that found the 12 companies were not being injured by certain

imports of foreign steel.

The ITC said the steelmakers did not present any compelling evidence to warrant the commission to reconsider its July 27 ruling.

Grace to Recall Dialysis Products

BOCA RATON, Florida (Bloomberg) — W.R. Grace plans to recall millions of kidney dialysis products because they might be contaminated with fever-causing chemical toxins, the U.S. Food and Drug Administration said Manday

tion said Monday.

William O'Connell, an enforcement official with the FDA's Center for William O'Connell, an enforcement official with the FDA's Center for William O'Connell, an enforcement official with the FDA's Center for William O'Connell, an enforcement official with the FDA's Center for William O'Connell, an enforcement official with the FDA's Center for William O'Connell, an enforcement official with the FDA's Center for William O'Connell, an enforcement official with the FDA's Center for William O'Connell, an enforcement official with the FDA's Center for William O'Connell, an enforcement official with the FDA's Center for William O'Connell, and Connell with the FDA's Center for William O'Connell with the William O'Connell with the William O'Connell w Devices, said the agency was investigating the company's National Medical Care unit for possible violations of federal law.

Delta Settles With Flight Dispatchers

ATLANTA (Bloomberg) — Delta Air Lines has negotiated a contract agreement with its flight dispatchers, ending six months of negotiations.

The Professional Airline Flight Control Association, which represents the Delta flight dispatchers. The Professional Airline Fugnt Control Association, which represents 160 Delta flight dispatchers, agreed to accept a 5 percent pay cut and reduced benefits. The same cuts were imposed on Delta's roughly 65,000 nonunion employees last year.

Sara Lee Net Up 11.8% in 2d Quarter

CHICAGO (Reuters) — Sara Lee Corp. reported Monday that earnings in the second quarter had risen 11.8 percent to \$190 million, reflecting strong unit volume growth in various product categories, combined with contributions from acquisitions completed over the past 12 months. Sales advanced 13.2 percent to \$3.85 billion.

For the Record

Trade ministers from the United States, Mexico and Canada wrapped up negotiations on the North American Free Trade Agreement after failing to clinch a deal during 10 days of talks. Rockwell international Corp. agreed to buy a facility from Western Digital Corp., for \$115 million, which will make silicon wafers. (UPI) Charter Medical Corp. said it had agreed to sell 10 of its acute-care hospitals to Quorum Health Group Inc. for \$340 million. (AP)

Weekend Box Office

7. "The Firm

The Associated Press LOS ANGELES — "The Fugitive," starring Harrison Ford, grossed \$23.4 million over the weekend. Following are the Top 10 moneymakers. based on Friday ticket sales and estimated sales for Saturday and Sunday. 1. "The Fuglilve" 2. "Rising Sun" 3. "In the Line of Fire"

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News of Meeting Boosts Oil

LONDON — World oil prices rose Monday, spurred by higher gasoline prices and a surprise announcement that the OPEC president, Jean Ping, would join a key meeting in Vienna on Tuesday.

Mr. Ping, the oil minister of Gabon, will join the oil ministers of Libya and Qatar as well as the secretary general of the Organization of Petroleum Exporting Countries, Subroto of Indonesia, for the quotacompliance committee meeting to review July oil production figures.

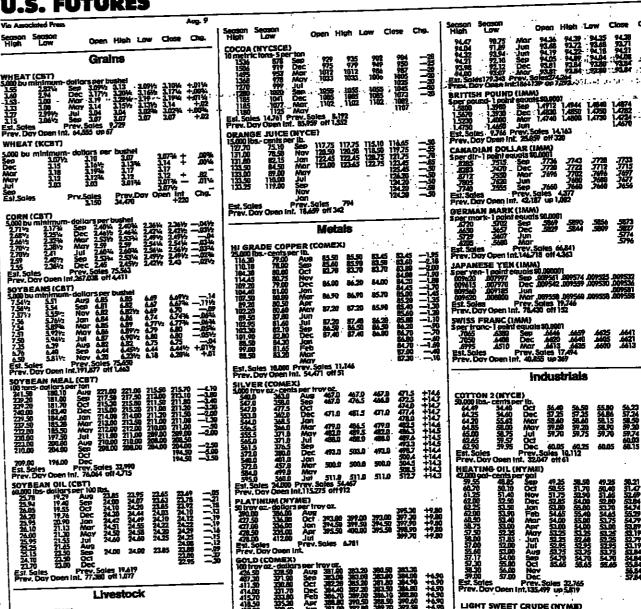
September futures of the world benchmark crude, North Sea Brent, rose from just below \$16.30 a barrel. They rallied to \$16.63 at the close as gasoline prices rose on fears of a shortage due to U.S. refinery problems. U.S. futures for September light crude gained 25 cents to \$17.52.

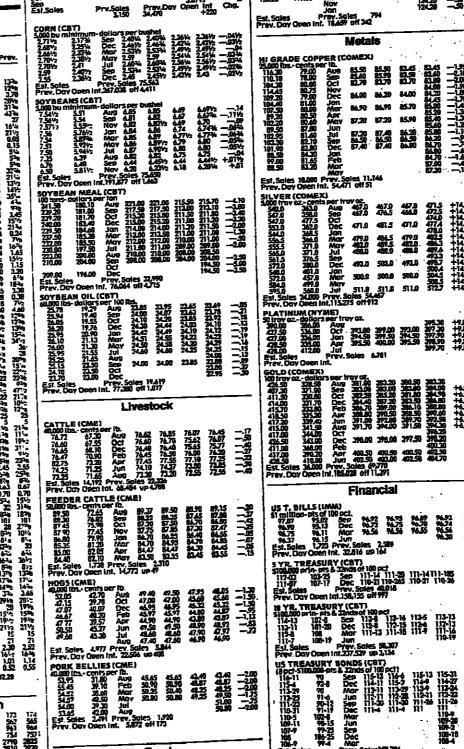
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Germany Sees Lower Tax Revenue

Committed by Dur Stuff From Disputches BONN - The German government expects the recession to depress total tax revenue by 46 billion Deutsche marks (\$26.8) billion) in 1994, according to the government savings proposal

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"The changed economic situation leads to strong additional burdens on the public sec-tor budgets," said Finance Minister Theo Waigel's proposal, which the cabinet is expected to approve Wednesday.

The proposal also said that Germany's gross domestic product in 1993 would decli as much as I percent, compared with the government's earlier forecast of zero growth. The government had predicted tax revenue would fall short by 12.8 billion DM because of the recession, but independent institutes forecast that the government would receive an additional 10 billion DM this year because of tax increases.

Mr. Waigel's bill proposes drastic spending cuts in social aid and unemployment pro-

grams in a bid to save 21 billion DM in 1994. The government wants to save 13 billion DM in lederal social programs and cut 9 billion DM in the Federal Labor Office's budget in 1994. The following year, it plans to save 26 billion DM, while in 1996 it will seek to save 29 billion DM and in 1997 it wants to

save 26 billion, the proposal said. Economy Minister Gunter Rexrodt is scheduled to release the government's latest forecast for German economic growth on Tuesday. But on Monday, he estimated that real growth in East German GDP would be around 5 percent this year, compared with previous estimates of 5 to 7 percent.

Speaking at the inauguration of a telecommunications equipment factory in Berlin, Mr. Regrodt also defended the government's methods for revamping the East German economy, saying that "there is no credible alternative" to the government's policy of modernization and privatization.

He said the closure of factories is "inevitable

for the birth of competitive economic structures where socialism has left industrial min." Separately, the RWI economic research institute said in its annual steel report that West German crude-steel production would fall 5.4 percent to 34.7 million metric tons this year and 0.58 percent in 1994 to 34.5 million tons. All-German crude steel produc-tion fell 5.9 percent in 1992 to 39.7 million

tons and is expected to fall again this year. But it added that any forecast was subject to "grave changes" as a result of political or corporate decisions due to the crisis in the

European steel industry.
In a related development, Bayer Hispania Industrial SA, the Spanish unit of the German chemicals giant Bayer AG, said it would loss it to the second of the sec close its chrome-derivatives company Productos Electrolíticos SA, or Pesa, in Sept ber. A total of 200 workers will be laid off, a company spokesman said. Pesa is 75 percent owned by Bayer Hispania Industrial. (Knight-Ridder, Reuters, AFX, Bloomberg)

Russians Decry EC Curbs on Aluminum

MOSCOW - The Russian alnminum producers group warned, the European Community on Monday that an EC plan to limit im- week Aluminiy's foreign economic the world."

ports of the metal from the former relations director, Sergei ZnaSoviet Union would probably be measky, said the limits helped mul
EC's largest aluminum producers

A spokesman for Aluminiy, the producers group, said he had not yet been informed of the EC decision, announced Saturday, to limit aluminum imports from the Commonwealth of Independent States to 60,000 metric tons from now until the end of November. The EC

dustry complaints about high im- 10 \$300 million a year." He added emergency measure.

But in a statement issued late last

"Introduction of sanctions on aluminum imports from the CIS "They will damage EC countries not only politically but financially, since raw materials, food and in-Commission said the temporary dustrial goods are bought there and to Russian imports, "within the limits, imposed following EC in- paid for with aluminum worth \$250 next few months."

ports depressing prices, were an that "the vacuum formed on the European market will be filled by aluminum from other regions of

tinational companies, not EC said that the temporary quotas might not trigger a price surge but would improve prospects for the industry. "It's not necessarily going will hardly give EC countries the to have an immediate impact on desired result," his statement said. prices on the London Metal Exchange," a Pechiney spokesman said, "but for us, it raises hope we can solve the problem," a reference

In the United States, meanwhile, the Aluminum Association, an industry group, called the EC move a 'shortsighted action" that "would further compound the disruption in the global aluminum market."

"What is needed," said the association in a letter to the U.S. trade representative, Mickey Kantor, "is not protectionism, but the establishment by government of rules of transition which will enable CIS aluminum producers to adapt to the laws of economics, the established world trading system and to implement modern environmental health and safety improvements."

Lufthansa's Choices Dwindle as Airlines **Talk Cooperation**

iled by Our Stait From Diseasches FRANKFURT - Lufthansa AG's proposal to cooperate with Austrian Airlines could help reduce the threat from a potential alliance of European carriers, analysts said, but it would probably do little forthe German carrier's competitive

position in the long run.
"Lufthansa is the big loser in Europe when it comes to alliances." an airline-industry analyst said.

The carrier, which is majorityowned by by the German government, has sought to preserve its identity as an independent national airline and has ruled out mergers. Instead, it is seeking strategic agreements to enable it to survive in an industry that analysts predict

will become dominated by a handful of large carriers. The proposal that Lufthansa has made to Austrian Air could improve Lufthansa's efficiency if the Austrian carrier were to serve as a feeder into the Lufthansa system,

industry analysts said. And a Lufthansa-Austrian Air accord could reduce the impact of the proposed Alcazar alliance of European airlines, they said, but Alcazar still would be a potentially serious competitor to Lufthansa.

Alcazar envisages setting up a mmon management company as a first step toward forming a single airline by 1997. Austrian Air has been taking part in discussions on that alliance as well. But under a proposed cooperation agreement, it would have only a 10 percent stake in a joint operating company.

while the other partners - Swissair, Scandinavian Airlines System and KLM Royal Dutch Airlines each would have 30 percent.

According to a weekend report in an Austrian newspaper, the Lufthansa proposal calls for Austrian to take over most of the traffic between Germany and Austria.

A Lufthansa spokesman said the plan was aimed at more efficiently using its routes and capacities, but he declined to provide details.

Separately, Austrian Air said Monday that it was also considering some form of cooperation with Air France. Its spokesman would not elaborate.

In addition to the Alcazar threat, Lufthansa still has not made any apparent progress toward curing rhaps its greatest problem - the lack of an American partner.

"The more important step is to form a cooperation with one of the big three U.S. carriers," said Michael Bröker, an airline analyst at Bank Julius Bar.

The North Atlantic once accounted for as much as 40 percent of Lufthansa's revenue. But Lufthansa has been finding it all but impossible to make a profit on that route because of fierce price competition and the lack of an American partner to feed Lufthansa's international flights.

North Atlantic revenue fell to 16 percent of the total in 1992 from 22 percent in 1989, Lufthansa executives have said.

(Reuters, Bloomberg)

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• The French government said it had appointed Lazard Frères & Co. to advise it on its planned sale of Banque Nationale de Paris and named Banque Indosnez, the merchant-banking arm of Compagnie de Suez SA. to advise it on the sale of Rhone-Poulenc SA.

• The European Bank for Reconstruction and Development said it would announce the name of its new president on Aug. 19.

 Petrofina SA, the Belgian oil company, said first-half net income had fallen 8 percent, to 3.83 billion Belgian francs (\$105.5 million), and cited weak economies in Europe and the United States.

• The Woolwich Building Society said it posted a profit of £88 million (\$131.5 million) in the first half, more than double the £36 million it earned a year ago. Mortgage lending rose to £1.6 billion from £1.2 billion. • France does not have plans to issue foreign-currency bonds to help replenish its foreign reserves, a Treasury official said. But he did not rule out an issue in European currency units.

 Greece's phone company was struck by workers who began a week-long action to protest a government bill to sell 49 percent of the company. • Ferruzzi Finanziaria SpA's creditor banks will not convert loans to the oup into equity, a Ferruzzi official said.

Assurances Générales de France said revenue in the first half rose 7.1 percent, to 32.35 billion francs (\$5.43 billion), as life-insurance revenue in France rose 13.1 percent. Reuters, AFX, Bloomberg, Knight-Ridder

Investor AB Shares Sag 4.8%

STOCKHOLM - Shares in Investor AB, a leading Swedish investment company, fell 4.8 percent Monday on the Stockholm stock exchange after the crash of a military aircraft built by one of its units. The jet, built by Saab Military Aircraft, crashed Sunday after the pilot lost control and ejected at an air show in central Stockholm.

Investor shares fell 7 kronor to 139 kronor (\$17.33) in heavy volume on fears that the accident, the second to hit the Jas 39 Gripen model, could threaten the future of the aircraft, one of the company's major projects. Officials excluded human error as the cause of Sunday's accident. Defense Minister Anders Bjorck said Monday that other Jas 39 Gripen

jets would be grounded until the accident's cause was determined.

HEWLETT: Europeans Can Compete With Asians, Analysts Argue, as Soon as They Learn to Innovate

International Institute for Management Development in Lausanne and a key participant in the business school's Manufacturing 2000 project.

Sure, there are some manufacturing processes where low wages help, but there are so many other more important factors that determine today which major businesses will succeed," Mr. Vollmann said. Low-wage competition should be the least of our

For Hewlett-Packard, Barcelona was the best solution to a complex puzzle. Pressed to consolidate its worldwide printer operations at the most efficient sites, Barcelona won out as one of two locations because it was best placed to supply the vital European market and was capable of doing so at a reasonable cost. The decision will add 200 jobs immediately to Barcelona's existing factory, with the potential for many more once further production facilities are built.

There is little doubt that overall wages and benefits m some Buropean countries, such as Germany and Sweden, have soared to levels that can no longer be

ment and global economic restructuring. Compensation rates in the German machinery sector, for example, averaged nearly \$21 a hour in 1991, compared with \$9.08 in Spain, \$4.55 in South Korea and \$2.60 in

Yet Europe's most valuable companies, rather than fighting the trend toward paying higher wages for higher skills, have proven especially ingenious in adapting to it.

Konrad Seitz, Germany's ambassador to Italy and a long-time advocate of policies to encourage a move away from what he calls the 19th century industries such as steel-making and textiles to 21st century sectors like telecommunications and genetic engineering, argues that aging, high-cost Europe cannot win by trying to play the same game as East Asian developing countries, with their young and burgeoning, yet in-creasingly well-educated, labor forces.

supported by the underlying productivity and competitiveness of their industries. They undoubtedly will be ing countries by cutting down on wages," he said recently. "We have to shift the manufacture of simple recently. "We have to shift the manufacture of simple recently." products and simple activities to low-wage countries. thus enabling us to keep at least those activities which

have a high-end product - design, development,

construction and production of complicated systems. Actually, that will not be so simple, given the last pace at which some East Asian and Latin American nations are already moving up the industrial ladder into such sectors as semiconductor manufacturing and software programming. But, along with efforts to create more flexible labor markets that block many younger, less-educated people from productively entering the workforce, such an approach holds out the

only realistic hope for sustaining European prosperity. "It is high-productivity jobs, not just any jobs, that translate into high national income," said Michael Porter, the high-profile Harvard Business School professor who wrote "The Competitive Advantage of Nations." He added: "The pursuit of competitiveness "It is obvious that we will not be able to solve the defined as a trade surplus, a cheap currency or low

unit labor costs contains many traps and pitfalls."

The example of Hewlett-Packard, which receives 40 percent from European revenues, demonstrates both some of the pitfalls awaiting companies heavily committed to Europe and some of the best ways of avoiding them. While Hewlett-Packard's worldwide employment has been shrinking slightly, it has actually increased jobs in Europe by a modest amount in recent years to 20,000 workers in more than 20 countries. But that kind of recent success wasn't easy.

Consider the tortuous route the company followed before finally finding a foothold in the fiercely competitive personal computer industry. Palo Alto-based Hewlett-Packard, founded in 1939 and long established in what was to become Silicon Valley, failed in its first two attempts to break into the personal computer market. In the early 1980s, driven by engineering values rather than marketing ones, it delayed introducing its own already-built personal computer until after IBM launched its own product, which quickly emerged as the industry standard.

NASDAO prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is

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Tables include the nationwide prices up to the closing on Wall Street and do not reflect ate trades elsewhere. Vis The Associated Press

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BA: Pioneering the New Empire of Minority Stakes Throughout the World

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analyst at Swiss Bank Corp. in London.
The glaring weakness in BA's strategy is that,
of necessity, it rests on the treacherously uncertain footing of minority stakes rather than outright control.

Sir Colin makes no secret of the fact that he would prefer a more powerful lever, but those

ambitions in the United States, Australia and indeed other markets are stymied by local restrictions on foreign ownership of airlines.

BA's stake in USAir, for instance, stands at

24.6 percent, a stake that is scheduled to rise via

two future investment tranches to over 30 per-cent. The final tranche would give BA what it has long sought, the power to veto major board decisions. The absence of such power is widely seen as having cost KLM Royal Dutch Airlines millions in its minority investment in North-ment Airlines.

west Airlines. However, industry observers think it may be years, if ever, before Washington relents and allows foreign carriers effective control over domestic carriers.

"I think that BA has gotten too big, too quickly," said Ian Rennardson, an analyst with

Merely monitoring their new holdings, much less pulling them together into a cohesive whole, also eats deeply into the daily diaries of BA executives. Coordinating groups and sub-groups have been set up and endless meetings must be attended. Sir Colin, for instance, already plans to attend all six USAir board mectings every year plus a couple of the four at

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China Says Farms Lag Industry In Profits

The Throng hour les

BELING - China's agriculture minister warned of the widening gap between the country's 200 mil-tion urban rich and 900 million rural poor and said farming must be made more profitable, in an in-

terview published Monday.
Liu Jiang cited the mounting economic struggles of China's farmers in an interview with the semi-official China News Service.

"The biggest problem in China's agriculture is how it has fallen be-hind industry," he said. "Purchase prices for farm goods are low, while farm inputs are more expensive. The prolitability of farming is declining and farmers are losing their

In the four decades since the communist revolution, annual in-dustrial growth had been as much as four times as fast as agricultural growth and the gap was growing, he said. In the first five months of the year, China's industrial production surged 25.1 percent from the year-earlier period in 1992, the offi-cial China Daily newspaper reported over the weekend.

Taikang county, Henan Province's top grain-producing area, vividly illustrates Chinese farmers' plieht Since 1984, the costs of fertilizer, pesticide, fuel and plastic sheeting had risen 92 percent but the price of grain had increased only 59 percent, a Taikang official said in a letter in Sunday's official Economic Daily. "The government must give preferential financial and other policies to agriculture," the official said.

Another burden for farmers is heavy taxation and the likelihood of being paid in IOUs for their produce

Chinese peasants reaped more cash than IOUs with this year's summer harvest, the Agricultural Bank of China reported, according to the China Daily. The bank reported spending 126 billion your (\$22 billion) for the purchase of cereal grains in July, the English-language daily said.

The use of promissory notes by the government to pay peasants for their crops has been a principal source of discontent in the Chinese countryside since the beginning of the year. (Reuters, Knight-Ridder, Agence France-Presse)

TAIPEI - The Taiwan government's oversight

committee voted on Monday to oust 15 officials of state companies implicated in a \$174 million scan-

The action was taken against 10 officials from

Chinese Petroleum Co. and five from Tang Eng

iron Works, according to a member of the over-

dal, the chairman of a review board said.

A Cleaner Thai Market Set to Grow

By Philip Shenon

New York Times Service

BANGKOK — Thailand's stock market was long compared to a casino in which the games of chance had been rigged. Insider information was widely circulated. Market manipulation was nife.

And for years no one much minded, since Thai investors from all walks of life made money as the market boomed along with the economy. The national motto — mai pen rai. or "never mind" — seemed to apply.

But for most of the last year, the government has tried; with some success, to make the 18-year-old Stock Exchange of Thailand a more respectable place to do business.

In April, the country's Securities and Exchange Commission—which was only set up last year — charged 30 investors with having conspired to manipulate shares of four com-panies, generating illicit, proceeds of around \$400 million.

Those charged in the case included several Thais with friends at the highest levels of the government, a fact that impressed some of those who had worned that the securities

watchdog would prove to be toothiess. Other large stock traders pulled out of the market this spring when their names appeared on a list of more than 120 investors inked to securities violations that was leaked to That newspapers.

The immediate effect of all this was to drag down shares, as the traders most likely to boost prices through insider deals began lying low. And despite the essential soundness of

the economy, large foreign institutions be-came skittish about committing their money. Adding to investors' anxiety was last year's political turmoil, especially after street riots n May 1992 left more than 60 people dead in Bangkok, many of them pro-democracy demonstrators seeking the end of military domination. Thailand had three governments last year before finally settling on one led by Prime Minister Chuan Leekpai. The Stock Exchange of Thailand, or SET,

index, which had nearly topped the 1,000-point barrier back in January, fell back below 830 by June, even as stock markets elsewhere in the region were rising to records.

The worst may be over, however, and traders say that the stock market, more comfortable now with the idea of having a watchdog in its midst, could be ready for a period of dramatic growth.
Russell Kopp, assistant director of Baring
Research in Bangkok, said that while another

correction may be in store soon, as some weak corporate earnings reports come out. the market's long-range appeal is great.
"Before we see 1,000, it's quite likely we'll see a drop back below 900," he said. "But I do think 1,000 is in sight." The index closed Monday at 952.77, down 6.07.

in its most recent assessment of the Thai in its most recent assessment of the I had exchange, Morgan Stanley said that it "has the potential to be, if not the best-performing market in Asia-Pacific, certainly among the top three" for the rest of the year.

The market also should benefit from what is by Thai standards a stable political climate.

Mr. Chuan, a soft-spoken lawyer who seems committed to democracy, easily survived a recent confidence vote in parliament and seems likely to hold his job for at least another year. The coup-prone military appears to have made its peace with him as well.

An old problem for investors in Thailand and one that is unlikely to go away soon, is that the Thai economy is not well represented

in the stock exchange listings.

The exchange has grown rapidly and is today the world's 10th largest, just ahead of Bombay and just behind Taipei. It went from a capitalization of about \$9 billion in 1988 to more than \$60 billion today, from 141 listed

companies five years ago to 340 now. But the listed companies do not include some of the large manufacturers that are the powerhouse of the Thai economy. They are often so profitable that there is no reason for their owners, who are often foreigners, even

to consider going public.
Instead, the stock market is dominated by cerns, all of which are facing a comparatively difficult year.

Bulls Return to China as All 4 Stock Indexes Advance

Compiled by Our Staff From Disputches SHANGHAJ - All four China stock indexes advanced Monday as investors turned optimistic that the market has bottomed out, dealers said.

Shanghai's index of A shares, or shares correctly available only to Chinese citizens, benefited the most, gaining 41.11 points to close at 885.27. Rumors that Vice Premier Zhu Rongji had declared China's current financial clampdown almost over bolstered sentiment, dealers said.

Signs of life also re-emerged in the Shanghai B share market,

Taiwan Inquiry Ousts 15 in State Firms

He said the government would refer the matter

average of three or four a day over the past several months. The index rose 1.69 points to close at 55.94. Class B shares are traded in Shanghai and Shenzhen but are denominated in U.S. or Hong Kong dollars and are available only to foreigners.

In the market in the special economic zone of Shenzhen, the A index rose 14.35 points to 254.6199, and the B-share index gained 0.71 to end at 81,3439.

Meanwhile, Merrill Lynch, the manager of China's first global stock listing, on Monday blamed the poor performance of Shang-

A total of 1.68 billion Shanghai Petrochemical shares were offered on the Hong Kong and New York stock exchanges in late July. It was the first time a company had been listed simultaneously on the two exchanges and the first direct listing of a Chinese company on the New York market.

The stock performed poorly on both markets and has only recently rebounded to the initial issue price. It ended its first day of trading July 26 at \$20.25 in New York; it was trading there Monday at \$20.50.

tion had quite a negative effect on investors' sentiments toward Chi-na," Malcolm Binks, Merrill's managing director of investment banking in the Asia-Pacific region, said at a news conference.

The dismal performance of China Tire Holdings, another China stock floated on the New York exchange at about the same time, also caused investors to stay

The Shanghai Petrochemical ew York; it was trading there offering was oversubscribed by a factor of 1.77 in Hong Kong and a factor of two in New York, a where 10 of the 12 listed issues has Petrochemical Co.'s stock at the Chinese government with re-saw turnover, compared with an its debut last month on negative gard to slowing down the econo-expected. (Reuters, AP)

Showa Posts Loss After **Poison Case**

Agence France-Press TOKYO - Showa Denko KK, Japan's fourth-largest chemicals company, announced Monday a net loss of 17.2 billion yen (\$164.9 million) for the first half of the year following the out-of-court settle-ment of a poisoning case in the United States.

The company said its pretax earnings had tumbled 50 percent, to 1.4 billion yea, in the six months to June while sales dropped 9.5 percent, to 235 billion yen.

The net loss, which reversed a net profit of 1.1 billion yen for the same period last year, included 46.2 billion yen in extraordinary losses related to L-tryptophan, a dietary supplement. The company has been ordered to compensate Americans who allegedly suffered blood disorders and muscular pain as a result of taking the supplement.

Showa Denko said it did not expect to post a pretax profit for 1993, reversing an earlier forecast of earnings of 16 billion yen. Sales are expected to fall to 470 billion yen, down from an earlier forecast of 520 billion yen.

In the first half, domestic sales declined 10.5 percent, to 212 billion yen, but exports grew 0.9 percent,

to 23 billion yen, the company said. Separately, Chugai Pharmacentical, a leading manufacturer of prescription drugs, said its pretax earnings totaled 6.4 billion yen in the first half of 1993, up 10.2 per-

cent from a year ago. The company said sales rose 6.4 percent, to 73 billion yen, and had been boosted mainly by a surge in sales of blood and other body-fluid

agents. Chugai forecast a profit of 17 billion yen for the full year, down from a previous forecast of 18.5 billion yen. Sales were estimated at 151 billion yen, down from 165 cable-television programs to Hong Kong. billion projected earlier.

Investor's Asia ALL MAN WOOM Exchange: Monday 7,396.77 7,996.77 Unith. Hong Kong Heng Seng ingapore Straits Times Closed 1,871,25 Sydney All Ordinaties 1,844.30 1,842.20 +0.11 Nikkei 225 _^20,493.05 _20,357.94 _+0.66 779.87 778.86 40.16 Kuala Lpimpur Composite 952.77 Bangkok SET 958.84 0.63 Composite Stock 709.59 716.88 ... 1.02 Weighted Price: A,092.73 4,026.64 ; +1.64 1,715.98 1,744.07 -1.61 Composite; 364.52 362.61 +0.53 Stock index New Zeidend NZSE-40 1,895.99 ** +0.40* 1,903,64 Bombay National Index 1,121.20 1,121.20 Unch.

Very briefly:

The Philippines said it planned to sell up to 40 percent of the state-owned Philippine National Oil Co. by December.

• Cross-Harbour Tunnel Co. said it sought to raise \$106.5 million by offering new shares to existing stockholders in order to finance a third Hong Kong harbor tunnel.

Attorney General Jeremy Mathews of Hong Kong ordered a reopened inquest into the deaths of two workers at Castle Peak Power Co.

 China will buy two more 737-300 Boeing jeiliners, the 24th and 25th planes that China has bought from the company this year.

The Bank of Taiwan cut its prime lending rate by 0.125 of a percentage point, to 7.875 percent.

 Singapore's gross domestic product grew by 8.7 percent in the first six; months of 1993, and by 10.1 percent in the second quarter.

• RTZ Corp. said it would sell stakes in its Lihir gold project in Papua New Guinea to Ningini Mining Ltd. and Venezuelan Goldlields Ltd.

· Wharf Cable, a subsidiary of Wharf Holdings, began testing the first of 14 satellite transmitters that will eventually provide round-the-clock AFP, Reuers, AP, Bloomberg,

Australia Settles Nauru Suit JAPAN: On Trade and Economics, New Cabinet Reads From Old Script

over environmental damage to the island from phosphate mining The out-of-court settlement was announced by Prime Minister Paul

NAURU - Australia reached a \$73 million compensation deal with the Pacific island state of Nauru on Monday, ending a 30-year dispute reform.

He said the government would refer the matter

The five Tang Eng officials include the company

president, Andrew Yen, the son of Yen Chia-kan, a former president of Taiwan. Mr. Yen, who has been detained since May, was

formally charged with corruption in late June for

allegedly collaborating with the CPC and Tang-

Keating and the Nauru president, Bernard Dowiyogo.

In assuming responsibility for the damage caused by mining, Australia said it would seek contributions from New Zealand and Britain, which governed the island under a United Nations trusteeship until 1947.

to the public prosecutor's office.

ministries and to head off criticism from the Liberal Democrats in order to focus on political But the strategy is not without risk. A lack of

swift and bold measures to stoke the economy or improve market access risks undermining the new coalition by prolonging the recession and heightening trade tensions, analysts said.

The economy is at a critical juncture," said Mineko Sasaki-Smith, an economist at Morgan Stanley. "Yet there's no blueprint for how to get the economy out of its downward spiral." Japanese financial markets and business leaders greeted the appointments with luke-warm praise. The Tokyo stock market's key Nikkei index rose 135.11 points, or 0.7 percent,

Takeshi Nagano, president of the Japan Federation of Employers' Associations, said, "I feel a sense of stability because there are able and influential persons in key posts with each par-

however, may be disappointed by comments Monday that suggest the new Japanese govern-ment will not be more accommodating. That could complicate things for Mr. Hosokawa, who is reportedly making arrangements to visit President Bill Clinton in late September.

The new finance minister, Mr. Fujii, whose time as a bureaucrat at the ministry was spent mostly in the powerful Budget Bureau, sounded just like his predecessor, Yoshihiro Hayashi, In his first news conference, he stated that pumppriming measures adopted this year would be felt by fall; that income tax cuts would not be used to boost the economy; that deficit financing must be avoided; and that numerical targets like those sought by the United States to measure progress in opening Japan's markets violate principles of free trade.

He said, however, that an additional economic stimulus may be necessary this fall; possible measures included tax incentives on housing and corporate investment. He also left open the possibility of a sweeping tax overhaul that would reduce income taxes while raising taxes on consumption.

The new trade minister, Mr. Kumagai,

straight talker who has studied at Harvard and who openly criticized former Prime Minister Kiichi Miyazawa's economic policies for failing to address structural problems, also sounded familiar themes. He warned against using 'managed trade" to reduce Japan's trade imbalance with the United States and said the Uruguay Round of global trade talks held the

key to maintaining the free-trade system. I can understand America's irritation over the surplus, but I would like to make efforts to avoid managed trade," he said.

On the domestic economy, he was surprisingly direct. "If you think the current economic slump is cyclical, as the government did for the last three years, you are wrong," he said. "The Japanese economy is suffering seriously, and Japan needs overall change in the present system to reconstruct its economy."

Deregulation was a key to enlivening the economy, Mr. Kumagai said, specifically criticizing collusive business practices such as bidrigging and price-setting. He said he was prepared to take whatever steps were needed to make the economy healthier, but he said there was no need for any immediate fiscal measures.

GDP Up 5.3% In Hong Kong

Agence France-Presse HONG KONG -- Hong Kong's real gross domestic product grew 5.3 percent in the first quarter from a year earlier, bolstered by healthy private investment and consumption, the colony's statisnes department said Monday. Investment surged 7.2 percent in real terms, with machinery and equipment spending rising 19.1 percent during the three months to March 31.

7.1 percent while government spending dropped 0.4 percent. Imports of 135.2 billion Hong Kong dollars (\$17.4 bilxi exports of billion dollars during the quar-

Private consumption was up.

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SPORTS BASE

Yankees Set Up A Showdown With Red Sox at Fenway

Red Sox feud. One of the most storied rivalries

in baseball history picks up again for a three-game series starting Tuesday night. The two teams are fighting with Toronto and Baltimore for first place in the American League East.

The Yankees gained some ground on the Red Sox by beating stop by for a three-game series.

AL ROUNDUP

Minnesota, 8-6, in 10 innings at the Metrodome on Sunday, while Boston lost at Tiger Stadium.

Don Mattingly hit a two-run homer with one out in the 10th to lift the Yankees. Mattingly had three hits and four RBIs as New York salvaged the last contest of a three-game series.
Steve Farr pitched two innings

for the victory, despite blowing a save opportunity in the ninth when the Twins scored the tying run.
With one out in the 10th, Randy Velarde singled off Rick Aguilera and Mattingly followed with his 12th homer, a high fly down the

right-field line. "I feel good about today, but I'll walk right out of here and it's over and it'll be another game," Mattingly said. "We're in a pennant race and I'm trying to be up for that

challenge each day."

Brewers 5, Blue Jays 2: Greg Vaughn hit two home runs and also scored after being hit by a pitch, leading Milwaukee over Toronto.

The last-place Brewers won two of three at the SkyDome.

Ricky Bones pitched the first complete game of his career, giving up seven hits and striking out four.

Voughn hit a sale homes in the Vaughn hit a solo homer in the second. He was hit in the left elbow in the fourth and later scored on a double-play grounder, and hit his 24th homer in the sixth.

Angels 2, White Sox 1: Mark Langston pitched four-hit ball for 7% innings as California beat firstplace Chicago at Comiskey Park. The White Sox have lost four of their last five games.

Langston gave up one run and four walks, while striking out five to go to 3-0 against Chicago in er got the final four outs for his fifth save.

Rangers 7, Mariners 1: In Arlington, Texas, Seartle reliefer Brad Holman was hit in the forehead by a line drive, apparently fracturing his sinus cavity in the Mariners

loss to Texas.

Holman, who was hit by Mario
Diaz's liner in the seventh, was awake and alert at a local hospital after being taken off the field on a stretcher, and a Mariners' spokesman said a CAT scan revealed "no

serious injury. Juan Gonzalez hit his AL-leading 33d home run and rookie Steve Dreyer won his major-league debut for Texas. Ken Griffey Jr. tied a Mariners record with his 32d home run in the ninth, matching the team mark set by Gorman Thomas in 1985. But Griffey had his AL record of 573 consecutive chances

The stage at Fenway Park is all when he misplayed a single to center by Gary Redus.

In earlier games, reported in some Monday editions:
Orioles 7, Indians 6: Mike Devereaux's sacrifice fly with one out in the 11th inning against visiting Cleveland gave Baltimore its seventh straight victory.

With one out, Mark McLemore After the Yankees, the Blue Jays top by for a three-game series.

doubled off the right-center field wall and advanced to third on a um right field and Wayne Kirby's throw home was wide.

Tigers 5, Red Sox 1: In Detroit, Cecil Fielder ended a slump with two homers and five RBIs and former Sox Tom Bolton gave up one run in eight-plus innings.
Bolton won for the first time since April 26, allowing five hits and one

walk. He struck out four while starting for the injured David Wells. Detroit took a 1-0 lead off John Dopson when Fielder led off the second with his 27th homer, a shot deep into the left-field upper deck. It was his first homer since July 26, ending a streak of 11 games. He hit his 28th homer in the seventh, a

three-run shot.
Royals 4, Athletics 3: Rico Rossy hit a bloop two-run single in the fourth and later scored on Brian McRae's RBI single to lead Kansas City to victory in Oakland.

Hipolito Pichardo got relief help from Mark Gubicza, Stan Belinda and Jeff Montgomery for only his second victory in seven starts. Montgomery got the last four outs for his AL-leading 34th save.
Troy Neel drove in all three Oakland runs. Ron Darling allowed nine hits in his first complete game



Snaring the throw, Chicago's Joey Cora couldn't stop the steal at second by the Angels' Luis Polonia.

Victory Handshake for Rockies' Sanford

After more than a week with the Colorado Rockies, Mo Sanford was missing a really

strong handshake. Sanford helped end the Rockies' 13-game losing streak — the longest in the majors this season — by throwing seven strong innings in a 5-2 victory Sunday over the Padres in San Diego. Sanford's contract was purchased from Colo-

rado Springs on July 29. The Rockies hadn't won since beating St. Louis in Denver on July 24.

"I was telling the guys that I haven't shaken any hands after the games since I've been here.

Sanford said. "I wanted to win really bad. I'm not going to say I took it on myself to win, but I just wanted to keep the team real close so we'd

have a chance to win." Sanford had plenty of help.
Vinny Castilla had a two-run triple, Danny
Sheaffer two RBIs and Charlie Hayes doubled

twice and scored two runs. The Rockies seemed rejuvenated after having

Saturday off. Hayes legged out a double in the second. Although he was later thrown out at the plate, he wanted to inspire his teammates. "I was just out there trying to set the pace, trying to get it done," Hayes said. "Dragging around feeling sorry for yourself, there was no

reason to. We've just got to keep going hard. I didn't think it could get any worse.

Sanford, making his second start and third appearance for the Rockies, allowed one earned run on five hits, struck out five and walked five.
The Rockies took a 3-0 lead with two outs in
the fourth. Sheaffer singled for the first run

PEANUTS:

before Castilla's two-run triple, which short-hopped off Phil Plantier's glove and rolled to the left-field fence. Hayes doubled leading off the sixth, moved up on Jerald Clark's groundout and scored on Sheaffer's sacrifice fly to

Tony Gwynn scored San Diego's first run in the fourth when Derek Bell hit into a double play. Alex Cole added another run for Colora-

NL ROUNDUP

in the lifth, scoring before Daryl Boston was thrown out trying to steal second, completing an inning-ending double play.

Astros 4, Giants 1: Mark Portugal improved

to 10-3 lifetime against the Giants and earned his fifth straight victory for Houston. The Astros got home runs from Jeff Begwell, Scott Servais and Steve Finley to take two of three games at Candlestick Park.

Marlins 6, Phillies 5: Charlie Hough, 45, allowed five runs in 6% innings and Bryan Harvey recorded his 34th save as Florida beat visiting Philadelphia, taking two of three in the series. The Marlins got homers from Benito Santiago, Henry Cotto and Bret Barberie off Terry Mulholland.

Hough survived home runs by Pete Incaviglia and Mariano Duncan for his first victory over

the Phillies since May 7, 1976.

Reds 8, Dodgers 5: Brian Dorsett and Jeff Branson hit two-run singles, and Cincinnati rallied from five runs down with consecutive four run invision of Dodgers 20 Peders St. Electrical Phil four-run innings at Dodger Stadium.

Reliever Johnny Ruffin, making his major-sague debut, won by pitching a scoreless lifth before the Reds took the lead.

In earlier games, reported in some Monday Braves 3, Expos 2: Ron Gant hit a two-run homer and drove in all of Atlanta's runs in

support of Steve Avery as the Braves ended a three-game losing streak. Gant's 27th homer — his second in two ames — broke a 1-1 tie in the fifth against Jeff ssero, ending the left-hander's ax-game win-

ning streak. Larry Walker homered and drove

Cubs 2, Cardinals 1: In St. Louis, winning pitcher Greg Hibbard's first major-league hit drove in Chicago's winning run, and he combined with Randy Myers on an eight-hitter.

Hibbard was 0-for-37 with no RBIs in his three wasts before doubling cases right fielder. three years before doubling over right fielder Mark Whiten's head to break a 1-1 tie in the

sixth. Hibbard allowed seven hits in 7% innings, and Myers pitched out of jam in the ninth for his 35th save. Sammy Sosa lead off the sixth with a bunt single and was at second base with two outs when Donovan Osborne intentionally walked Steve Lake. But Hibbard lined the first pitch

beyond Whiten, who was playing shallow.

Pirates 3, Mets 2: Zane Smith allowed live hits, and Jeff King drove in the decisive run with visiting Pittsburgh's fourth straight hit of the fifth inning. Smith had a season-high nine strikeouts in his first complete game since July

Nick Price: The Nice Winner

On a Roll, Zimbahwean Readies Defense of PGA Title Nick was a child, first realized at 14 that it was

By Jaime Diaz

New York Times Service NEW YORK - For nearly a decade on the PGA Tour, Nick Price was known as casygoing. megatalented and too nice to know how good he was. And as much as his fellow golfers liked him,

they hoped he never found out.

Although he could strike the ball as purely as anyone. Price had the reputation of habitually falling just short. It began when he gave Tom Warson a British Open in 1982 by squandering a three-stroke lead with seven holes to play, and took on added weight when Seve Ballesteros made evaluations. erything in sight in the final round to nip him by a stroke at the 1988 British Open.

Neither outcome seemed to make Price angry. To all outward appearances, the amiable man who grew up in the former Rhodesia and now lives in Florida did not seem too upset that he didn't win

an official commament from 1983 through 1990.
But inside, it turns out, Price was seething, and he broke the drought with a vengeance when he won two tournaments in 1991. Then, Price came won two commands in 1771. Then, Theo carees, through with the finest performance of his carees,

through with the timest performance or ins carea, wiming the 1992 PGA Championship in St. Louis for his first major championship.

That victory, which he will detend when the 75th PGA Championship begins Thursday at the Inverness Club in Toledo, Ohio, changed the way Price ness Club in Toledo, Ohio, changed the way Price is perceived and the way he perceives himself. At 36, he is still the nicest of men, but the worst fears of his peers have been realized.

Very simply, Price has been the best golfer in the world in 1993. He has won four tournaments on the world in 1993. He has won four tournaments on the PGA Tour, giving him six victories in the past 11 months, the biggest of which was the Players Championship in March. Most impressively, he has won the last three PGA Tour events he has played in the Canon Greater Hartford Open, the Sprint Western Open, and the Federal Express St. Inde Classic. If he wins at Inverness, Price will become the

first player to win four straight tour events since Jack Burke did it in 1952. Price would also be the first player on the PGA Tour to win five events in a year since Tom Watson won six in 1980. "I'm realizing a dream here," Price said by phone from his home in Florida last week. "And I

just want to hang onto it and keep it going." Price's performance has carried the authority of virtuosity. He won the Players Champions five strokes, the Western by five and Memphis by three. He leads the PGA Tour in money winnings with \$1,235,879, in scoring with an average of 68.84, and in total driving, which statistically combines distance and accuracy. Over the 12 rounds of his three consecutive victories, his average is a blistering 67.16.

Price still says Nick Faldo is the best player in the world because of the Englishman's record in major championships over the past four years. But to many, Nick and Nick are running neck and to many, rock and rock are tuning neck. And a victory in Toledo might change even the opinion of the self-effacing Price.

"It's quite wend, in a sense," said Price. "I

sometimes think. Why is it all happening this way all of a sudden? But then I realize that it didn't

happen in one year. It's the culmination of hard

Nick was a child, first realized at 14 that it was possible to make a living playing the game he loved. Three years later, when he won the Junior World in San Diego at the age of 17, his career path was clear. Price's progress was delayed when he joined the Rhodesian Air Force in 1976. He says the experience was valuable for the touchage and recrease. ence was valuable for the toughness and perspective it provided. "It instilled some discipline and organization," said Price, who still wears his hair short and still loves to co-pilot jets when the opportunity presents

itself. "I know for the rest of my life, I'll always have that little bit of military in me, and that is a great thing it was also the greatest learning experience of my life. Three friends of mine were killed. I learned there was more to life than golf."

Upon leaving the military, Price turned professional and joined the European PGA Tour. He won the Swiss Open in 1980, qualified for the PGA Tour in 1983, and promptly won the World Series of Golf by four strokes over Jack Nickians.

Big things were expected, but instead of progressing, Price got the reputation as a loser. Until 1990, he never won, never finished better than 22d on the money list, and never seemed to make a big part.

"I might not have shown it, but I was tormented," he said. "It didn't maner how well I played, I would still finish second, third, fourth or fifth. For a long time I questioned my own beart and my own desire.

"People kept saying, 'He would be so much better if he had a winning instinct.' And I kept on saying, 'Man, I want to win.' It was very hard, because deep down inside of me, I always knew that I had what it took." that I had what it took."

In at 1 nad what it took.

In retrospect, impatience more than complacency hart Price. He does everything quickly — walking, talking, swinging, even smoking a cigarette. With age, which has brought marriage and two children, Price has learned to be patient, and to accept that he is a late bloomer.

With the help of his lifelong friend and coach, David Leadbetter, Price has built a swing that is the minimalist model of the leg-and-torso-driven modern action. With a sports psychologist, Bob Rotella, he has learned how to keep his mind from racing ahead of the shot at hand. And by following his own path of perseverance, he has taught himself how to win.

"One of the things I am doing so well now is I am focusing," he said. "My concentration on my target is so intense. I'm trying to give 110 percent to every shot."

Leadbetter, who has gained fame for his work in helping Faldo develop an irondad swing gives Price an edge in terms of producing consistently solid golf shots.

Price will be under more pre-tournament pressince than he has ever faced this week, but he isn't fearing the experience. The same kind of pressure discombobulated him at this year's Masters, where he came in off his victory at the Players Championship as the favorite but wound up missing the cut.

He chalked that up as a lesson learned.

When it came down to the crunch, I missed the cat because I got canglat up in things and didn't pay attention to what Nick Price was doing on the golf course," he said. "This week, I'm just going to happen in one year. It's the culmmation of nare gon course, he said. This work over a lot of years."

That began when Price, whose parents moved green and into hole. Because I know if I'm playing from South Africa to what is now Zimbahwe when well, I can win."

MAYBE SHE

ATTENTION TO US

Mize Catches Zoeller for Buick Victory

GRAND BLANC, Michigan
The former Masters champion Larry Mize quickly overcame a four-shot deficit, then hung on for a one-stroke victory over Fuzzy Zoeller at the Bunck Open.

Mize sank a six-foot (two-meter) putt for par on the final hole to avoid a playoff on Sunday in this final warm-up for this week's PGA Championship.

CALVIN AND HOBBES

MIN ISHT SUSE PICKING UP THE CORED MESSAGE? DOESN'T SHE SEE IT?

Mize passed Zoeller, the overnight leader, after only five holes at Warwick Hills Country Chib. But it was close thereafter and

MINDS MARKE WITH HER 3. DOESN'T SHE KNOW ENGLISH TO ROTEKCEPT

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But Norman finished third, two strokes behind Mize, who won his second title of the year with a 16-under 272. He shot 68 to Zoeller's 73 on Sunday.

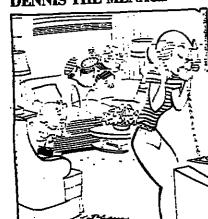
several players drifted into and Mize appeared to have a relatively easy two putts for victory at the final hole. But he struck a ning the British Open last dreadful first put from 25 feet that came up short, leaving the front nine then stormed into contention then stormed into contention Georgian to sweat over his next with seven birdies on the back putt, which he pulled slightly but mine for a seven-under-par 63, in

a promising time-up for the door year's final Grand Slam event. Mize's victory elevated him to which starts Thursday. .11th in the U.S. Ryder Cup standings. The top 10 players af-ter the PGA Championship qualify for the American team, while captain Tom Watson will pick two others.

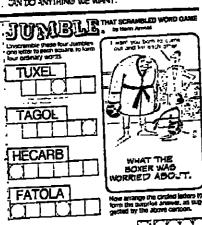
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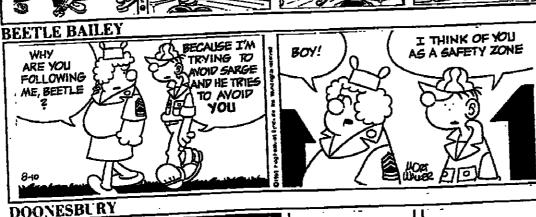
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To our readers in France











SPORTS FOOTBALL

At Last, Redskins Get a Glimpse of **Desmond Howard**

By Richard Justice

Washington Post Service CARLISLE, Pennsylvania -The Washington Redskins caught just a glimpse of Desmond Howard the other night. It was near the end of a routine training camp serim-mage, one of those workmanlike oractices when teams run through their regular offense for perhaps the thousandth time, when legs get tubbery and tempers short and a regular season opener against the Dallas Cowboys seems months

Quarterback Cary Conklin overthrew a deep post pattern, which in most cases is no big deal since it happens a few dozen times a day. No one thinks twice about it until the next day when coaches and players watch video tapes of practice and talk about what went

Except that Conklin's ball never touched the ground. Howard, seemingly out of the play, burst toward the ball, leaped into the air and cradled it softly against his chest as he rolled onto the field.

All of a sudden, the Redskins were reminded of why they were so excited to get Desmond Howard in the 1992 draft. They were reminded why they thought it was a good deal to spend a pair of first-round draft choices on the 1991 Heisman Trophy winner and why they believe he will be a star-quality playmaker, perhaps their Jerry Rice, for the next decade or so.

I want to show my teammate what I can do," Howard said. "It's obvious when you're out there performing they're more receptive to you. I sensed that after the catches in the scrimmage. I think it maybe picked the whole offense up. You provide some excitement and it's good for everyone. The offensive linemen get into it, the quarter-backs feel good, everybody gets

But until Howard made that head-long dive Wednesday night, the Redskins had been mostly disappointed. He had missed his first training camp. He had gotten hart once he did get on the field. And he arrived at training camp this year

with another injury. "I think they saw a flash the

other night," he said. The Redskins had said on draft day 1992 that Howard was the complete parkage. He had some of the softest hands they had ever seen, he had explosive speed, and when the ball was in the air, he w caught it. They had seen him catch balls thrown impossibly behind him, balls thrown in front of him, and this week, they saw him catch one beyond him. Above all else, they had seen an uncanny

ability to make plays. He was also smart, tough and articulate, and he had a magnetic, engaging personality and a distinc-

months before the draft, the Redskins made telephone calls, timed him, talked to him and looked at hundreds of hours of tapes of him. They fell in love.

"You don't have many opportunities to get a Desmond Howard," General Manager Charley Casserly

In the 16 months since that draft, the Redskins hadn't seen much of him until Wednesday night. At least, they hadn't seen the things they'd hoped to see by now. His rockie season was a wash because by the time he did agree to a four-year, \$5.9 million contract, he was so far behind that it took six weeks just to get him caught up with everyone else. Then when a Ricky Sanders injury gave him a chance to play in Game 16, he tore up his shoulder after a routine sideline catch (his third reception of the season).

Even with such limited playing time, he made one of last see memorable plays when Buan Much-ell flipped him a pum return and watched as Howard turned it into a 55-yard touchdown run. He also became one of their best special-team players, both as a return man and, surprisingly, as a blocker and tackler.

Still, coaches saw enough flashes as a receiver to believe that the things he did during his final season at Michigan — 61 catches and 19 touchdowns — made him legiti-mate, and they cleared a spot for him in a lineup that needed more speed and big plays.

"He's got game-breaking abili-"Coach Richie Petitbon said. Howard, 23, is nonchalant about all of this. Yes, the last few weeks have been tough because he wanted to show his teammates and coaches what he can do. No, he doesn't feel any extra pressure. Yes, he's eager

But he needs to be healthy. He wasn't able to get through the offseason, missing three weeks of pretraining camp summer school with a pulled groin, then pulling the muscle again shortly before camp. He returned to full practices last week and was to get his best shot yet at playing in Monday night's esesson opener against the visit-

ng Cleveland Browns. He's not yet at full speed — "I'm almost 80 percent," he said - but after missing acrimmages against the Steelers and Jets, he'll be on the

some of the usual grumbling. Coaches and teammates have wondered about his toughness and his



Two Bears sandwiched Philadelphia's Herschel Walker, but the Eagles spoiled Chicago's exhibition opener with a 13-9 triumph.

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SIDELINES

Wind Forces 3 Boats to Quit Fastnet

COWES, England (AP) — A crewman on the Japanese Admiral's Cup one-ton yacht Nippon was washed overboard Monday as the Fastnet

one-ton yacat ryippon was wasted overtically ryichtag as the races.

Race lived up to its reputation as one of yachting's toughest races.

The former Olympic bronze medallist John Cutler of New Zealand, who as at the helm of the Japanese boot, rescued the crewman as winds who as at the helm of the Japanese boot, rescued the crewman as winds picked up dramatically on the third day of the 605-mile (980-kilometer) race, which is part of the Admiral's Cup series. A race spokesman said the

Japanese crewman was not injured. Circler then pulled out of the race and was soon followed by the Irish 50-footer Jameson Three with a broken boom. Then the favored Australians suffered a major blow to their hopes when John Calvert-Jones's twotonner Great News lost its mast. That reduced the Admiral's Cup fleet to 17 yachts and gave leader Italy, which went into the Fastnet with only two boats, a slim chance of holding onto its two-point lead over Australia.

Frenchwoman to Appeal Drug Test

PARIS (AFP) — The French women's cycling champion. Marion Clignet, is to appeal to the International Cycling Union in a bid to avoid a

three-month ban after failing a drug test in June.

Clignet, the runnerup in the women's Tour de France that ended Clignet, the runnerup in the women's Tour de France that ended Saturday, tested positive for caffeine during a World Cup track event in Valencia, Spain. But she attributed the levels to strong coffee, not drugs. Saying that at first she had thought the Spanish federation's test result was "a bad joke." she added that she would appeal the case to the international federation. three-month ban after failing a drug test in June. international fedération.

Along the way, there has been For the Record

one usual grumoning.

Joy Fawcett scored in the 29th minute to give the world champion U.S.

Joy Fawcett scored in the 29th minute to give the world champion U.S.

women's soccer team a 1-0 victory over Canada in the final of the women's soccer team a 1-0 victory over Canada in the final of the women's soccer team a 1-0 victory over Canada in the final of the women's soccer team a 1-0 victory over Canada in the final of the women's soccer team a 1-0 victory over Canada in the final of the women's soccer team a 1-0 victory over Canada in the final of the world champion U.S.

CONCACAF tournament on Sunday in New Hyde Park, New York, (AP) rican striker Brace Murray has signed a two-year contract glish division one soccer club Millwall, joining compatriots

with the English division one soccer clip Millwall, Johning Companies (AP) public evaluations.

"I'm sure he'll get back out there when he feels he's ready," Quarter-back Mark Rypien said. "But he's arthroscopic surgery on his left knee Monday in New York and is arthroscopic surgery on his left knee Monday in New Yor

Brazil Soccer Team Jeered by Fans

MACEIO. Brazil - Brazil's beleagured national soccer team was jeered off the field after being held to a 1-1 draw by Mexico in a

The 18,000 spectators chanted the name of São Paulo coach Tele Santana as Brazil, with a weekend free from the World Cup qualifiers in which it has struggled, again played disappointingly on Sunday. Brazil's play has led to pressure on the national federation to replace Coach Carlos Alberto Parreira with Santana.

Brazil took the lead in the 49th minute on a powerful header by defender Marcio Santos from Dunga's free kick. But then Brazil lost momentum, and Alberto Garcia Aspe equalized with a penalty in the 67th minute after Ricardo Rocha had tripped Mexican forward Zague.

Young Injured As 49ers Rout Raiders, 27-0

A fractured thumb may keep Steve Young, the San Francisco 49ers' star quarterback, from playing in the season opener on Sept. 5.
But Young, last season's National
Football League most valuable
player and passing leader, doesn't

seem to think so.

Young suffered a hairline fracture of his left thumb—his passing hand—in Sunday's 27-0 exhibition victory over the Los Angeles Raiders in Stanford, California. The team physician. Michael Dillingham, said the injury did not

require surgery but would sideline Young for three to four weeks. "It's going to be in a splint for a while," Dillingham said. "He possibly would play the first regularseason game but that's not for sure. We'll have to see how it goes."

Young plans on being back for the opener against Pittsburgh. "I expect to be out the shortest

amount of time instead of the longest." Young said. "Right now the problem is in gripping the ball. I'll rest it for a couple of weeks and then see if I can grip the ball. If so, then I'll say, 'Let's go.' There's no way I'll muss any regular-sason

He apparently hurt his thumb during the 49ers' second posses-sion. His hand struck the helmet of a charging Aaron Wallace an instant after releasing an incomplete

Young shook the hand but stayed in the game, scrambling 12 yards to the Raiders' 12 on the next play. Ricky Watters then lost a yard on a run and lost another yard on a pass from Young. On third-and-12 from the Raid-

ers' 14, end Anthony Smith broke through to sack Young, who may have aggravated the injury. Young left the field as Mike Cofer kicked

the first of two first-half field goals to give the 49ers a 10-0 lead.
Steve Bono came on at quarter-

back. Young, who completed three of four passes for 24 yards, went to the locker room and returned to the sidelines in the second half wearing

a splint.
The 49ers (2-0), who won their 12th straight exhibition game, led 20-0 at halftime, running up 17 points following three turnovers by

the Raiders (1-1). Eagles 13, Bears 9: The rookie running back Vaughn Hebron capped a nine-play drive with a one-yard run in the third quarter to lead Philadelphia over visiting Chi-

The Eagles are now 1-1, after losing 28-16 last week to the New Orleans Saints in Tokyo.

Randall Cunningham. Bubby Brister and Casey Weldon shared quarterback duties for the Eagles. Jim Harbaugh, Peter Tom Willis and Will Furrer were tested at quarterback for the Bears.

🖪 In an earlier game, reported in some Monday editions: Cowboys 13, Lions 13, OT: In

the American Bowl at London's Wembley Stadium, Dallas kicker Lin Elliott missed four field goals. including three in sudden death. Elliott missed from 38, 54 and 44 yards as the Cowboys failed to take advantage of two Detroit turnovers

in the extra period. He also missed from 44 yards in regulation. Quarterback Hugh Millen played well in place of Troy Aik-man, the Super Bowl MVP, who is recovering from back surgery. Millen, acquired from New England in the offseason, played three quarters and completed 22 of 33 passes for

187 yards as he bounced back from a disappointing outing in the Cow-boys' 13-7 loss to Minnesota last

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onchez (6). Spain. 63, 7.5. 64.
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Richard Krolicek (4). Neiherlands, det. Michael Chang (3) U.S. 94, 74 (7-3). 7-6 (7-5).
MAZDA CLASSIC
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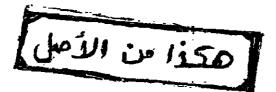
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ART BUCHWALD

The Price of Politics

WASHINGTON — More take me to dinner anymore? I asked him. to the government than ever before. On paper, working for the present administration is a great idea, but it has its drawbacks, particularly if you are a lady and come from the old school of dating.

The problem is that anyone who works for the federal government

can be entertained only to the tune of \$25 once a year. With restrictions like this, it is obvious that the Washington playing field is Deborah Klo-

ronmental and Shallow Water Deep Sea Fishing Department told me how serious the restriction is.

"I met this guy Tom from The Washington Post, He is the paper's swordfish editor, so we had a lot in common. He took me to lunch, and when the check came he grabbed it.

"I didn't think anything of it until a week later when he had me out to dinner again. As soon as the bill came, he just stared at it like it was a dead snail.

" 'I don't know how to tell you this,' he said to me, 'but you've used up your entertainment allowance with me for the year. From

You mean you're not going to

'Jurassic Park' Tops \$400 Million

United Press International OS ANGELES - "Jurassic Park" has grossed more than \$400 million worldwide less than two months after its release.

Universal Studios' dinosaur thriller took in more than \$287 milhon after 57 days in the United States and \$120 million in foreign countries where, in most cases, the film has played for less than a

"Jurassic Park" is currently the third largest grossing movie of all time in the United States after "E.T." and "Star Wars."

"He answered, "Or the movies or a rock concert. The only way we can see each other is if we go

There is something wrong with this,' I told him. 'You want to take me out, but I have to pay for it. I'm not that much into women's libera-

"He said, I can't help it. The Clinton administration has its rules, and I am protecting you by making sure that you honor them. Suppose I went over my \$25 limit for entertaining you. Do you know what the Wall Street Journal would do with that? The headline would say: Clinton Appointee Breaks Ethics Limit by Ordering Soft Shell Crabs at Duke Zeibert's; White House Mum, As Usual, on What It

agreed. "That's exactly what the Wall Street Journal would do. Deborah. What did you decide to do about Tom?

Intends to Do.

Deborah replied, "I had no choice, I started dating other guys. When I used up their 525, I dumped them and found somebody else. I'll tell you something, with these entertainment restrictions, it's hard to keep a fasting

'Well, that's the price you have to pay for a government appointment," I told her,

"I think the men in Washington are just taking advantage of a situation. What I resent the most is when they tell me how much my share of the Caesar salad is. I want to serve my country. At the same time, how do I know if a guy likes me or not if he won't pay for my

"Perhaps the Clinton people don't want you going out with guys - particularly those who are only interested in buying you meals in exchange for getting your support on fishing matters.

"I can't be bought with a plate of smoked salmon!" Deborah ex-

"You might not — but there are plenty of women in government who could be if it weren't for the

Deborah asked, "By the way, are you buying me this meal? "Are you crazy? Your 25 bucks

were up last Thursday."

Secrets of Filming 'The Secret Garden'

By Matt Wolf

ONDON - He gave shape to 80 years of Indian history in "Gandhi" and fashioned the elegant decor in "Dangerous Liaisons." For each he won an Academy Award. But in his new film, the production designer Stuart Craig faced a particularly difficult task — finding ways

to make "The Secret Garden" fresh. The source material, of course, is Frances Hodgson Burnett's beloved story of an orphan whose discovery of a hidden and neglected garden fills her deathly world with life. Published in 1911, the book has snawned adaptations as varied as a Margaret O'Brien film in 1949, a BBC children's special in 1975 and a 1991 Broadway musical.

The current version, from Francis Ford Coppola's film company American Zoctrope, was directed by the Polish filmmaker Agnieszka Holland ("Europa, Europa") with a cast including Maggie Smith as the housekeeper and a group of young un-knowns. Craig accordingly, knew that the secret garden itself — indeed, the entire look of the movie — must function as its star; this was a film as much about plants as people, about physical location as a

gauge of spiritual growth.
"It's kind of a fact that the most difficult thing to pull off was the garden." the 51-year-old designer said recently at Shep-perton Studios, just west of London. where he is working on Stephen Frears's new film, "Mary Reilly." "My fear is that it becomes the set piece and must inevitably disappoint. That became the chal-

And not just the garden but its antithesis: Misselthwaite Hall, the Yorkshire mansion where Mary Lennox (Kate Maberly) is delivered after the death of her parents in India. Labyrinthine and airless, the house's Gothic corridors signal the disease embodied in Mary's ailing cousin. Colin (Heydon Prowse). Mary's attachment to the garden proves restorative as she moves between the brooding vastness of the mansion and the sickly floral enclosure in need of care and kindness.

The film's worlds are defined in opposition: The house and its surrounding moors are mysterious and oppressive: the garden. ultimately, becomes radiant and clear. With its prowling mastiffs bounding out of a constant shroud of mist, the Misselthwaite landscape suggests Brontë territo-ry turned up a Gothic notch. Roaming the halls, Mary chances on one forbidden room after another.

Craig deliberately exaggerated the physical context so that Misselthwaite would seem as suffocating as the garden was lifeenhancing. "There was a certainty," he recalled, "that the temperature of the



Kate Maberly as Mary Lennox in "The Secret Garden": Bronte territory turned up a notch.

whole thing had to be raised" to film such "a delicate book."

Craig said that Holland tried to avoid anything that might seem visually twee.
"She was very aware of not delivering that Edwardian England we're all so familiar with," he said. "Her antennae were really twitching and smelling that out."

The aim was to resist a picture-postcard quality in layor of a heightened reality. "This is a story about something very real." Holland said. "Yorkshire is Yorkshire; the garden is a garden. You want something symbolic without becoming too

The goal was an unsentimental re-imagining of potentially dew-drenched material, and for that the filmmakers chose Pinewood Studios, north of London. "I needed strong, sample shapes," Craig said, "and the only way to achieve that was to build a

He constructed his secret garden within an existing garden on one edge of the Pinewood complex, relying on Ron Whittle, a nursery owner, to provide plants in varying states of unruliness and won-

"We wanted summer and winter all in the same 10-week period," Craig said, re-membering the fate of a "slightly neurotchestnut tree. "We shot the summer scenes first, then stripped the leaves off it and shot the winter scenes on this poor hare tree, which was very confused about

where it was." Subsequent to filming he recalled. "The tree put out another batch of leaves; I was rather glad to see the thing

Whittle, speaking from his nursery in Ross-on-Wye, Herefordshire, said 17,200 pots of annuals and grasses were used in the film. Choices like larkspur, love-inthe-mist and asters were made. Whittle said, "because they would have appealed to children." There were about 1,200 per-ennials and 4,000 wild geraniums, lox-gloves and the like, as well as artificial ivy mixed with the real thing. Five hundred live roses were supplemented he said, with thousands of artificial ones.

Bracken, a weedy fern, was put in formaldehyde and killed so that the live ferns for summer scenes could be replaced with dead ones needed for winter. ("I avoid killing things unnecessarily," Whittle

Due to a mixture of uncooperative weather and delays in filming. Whittle spent about \$180,000 creating the garden. Craig said a "handsome" amount of the \$18 million budget of "The Secret Gar-den," which opens in the U.S. this week, went toward the production design. Research was limited to books on some of the more architectural, more structured French gardens," he added, but even that got the idea from any visual reference. Part

of the metaphor anyway is that you want it to be wild: the house is a prison, so you want to escape into the wilderness

Recreating Misselthwaite Hall had itsown challenges, from sleeping quarters to suits of armor. White both children's enormous beds look like antiques, they were, in fact, built for the movie.

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Roy Button, the line producer and now managing director of Warner Brothers U.K., said that what appears on film as Misselthwitte Hall is an amalgam of 18 locations. Exterior filming took place at three sites.— Fountains Abbey, a 12th-century National Trust property in north Yorkshire that once belonged to Henry VIII; nearby Allerton Halt, a privately owned neo-Gothic stately home, and Luton Hor. an 18th-century Robert Adam ton Hoo, an 18th-century Robert Adam bouse in Bedfordshire, north of London.

The interior of Missenhwaite used a similar potpourn of locations. The kitchen was, in fact, an old classroom at Eton College. With its great Jacobean fireplace, a room off the master's common room at Harrow School doubled as the study of Lord Craven (John Lynch), the master of Misselthwaite. and Mary's uncle. And that character's chmactic emotional outburst was shot on a marbel staircase at the school.

Matt Wolf, an American theater critic

Odayle to Take a Crack At Working a Real Job

Dan Quayle says he's going to take a shot at working for a living— at least until he decides whether to run for president. "Twe been talking about the free enterprise system and about the free enterprise system and correctent whip for 16 years in public file and now I in george to go out and my a futler of it. Quayle that the fundanapolis Star: The former vice president will head an Indianapolis has of fundanial services company and write a descended with the nume. The continue to speak out and speak up," he said. · ***

They've liming up all over the world for Madeum More than 12,000 tickers for her Milliourae onacet were sold Monday in just 80 minutes, prompting promoters to schedule a second show Madan. na will appear there on Nov. 26 and 27. In Mexico City, 50,000 tickets were sold out in just six hours for her Nov. 10 concert there, again prompting a second contest Nov. Carrier D. Variables

The soprano Montgerns Caballé, is out of the bospital, but her doctor m Barcelona told her to slow down Caballe 60, was hespitalized last week with a minor beart problast week with a minor neart prob-lem. And another celebrity might be out of the hospital soon. Doctors in Rimini, Italy, said Fe-derico Fellini, 73, may be able to leave the hospital later this week. He was partially paralyzed by a stroke last week.

Bruce Lee's reading glasses sold for \$6,000, his Hong Kong driver's beense \$8,000, and a handwritten note to himself in which he predicted he would become a superstar \$29,000 at a Beverly Hills auction.

Burt Reynolds has been telling his side of the story to the National Enquirer. Now his wife Loui Anderson is telling bers - to Good Housekeeping magazine. She says their five year marriage is definitely over, but as for why he sought the divorce, she says, "I didn't have a che. I still don't." She adds, "Burt's last words to me were You are the love of my life."...

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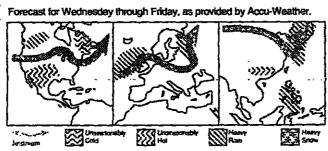
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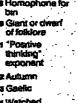
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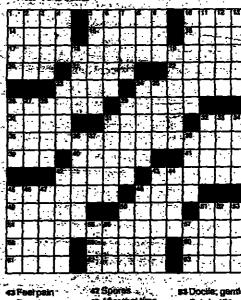
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